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**", "mBank" or the "**Bank**", and together with its consolidated subsidiaries, the "**Group**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

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

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

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

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

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for use for a period of up to 12 months after its approval and shall expire on 13 September 2025, at the latest. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the "**EEA**") and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. References in this Base Prospectus to "**Exempt Notes**" are to Notes for which no prospectus is required to be published under the Prospectus Regulation.

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

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE "**SECURITIES ACT**") OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION (SEE "*SUBSCRIPTION AND SALE*").

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

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

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

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

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

Arranger
Commerzbank

Dealers

Barclays	**Commerzbank**
Erste Group	**HSBC**
J.P. Morgan	**UBS Investment Bank**

UniCredit

The date of this Base Prospectus is 13 September 2024

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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 of the United Kingdom by virtue of the EUWA.

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

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

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

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

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

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

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

None of the Dealers accepts any responsibility for any social, environmental and sustainability assessment of any Notes issued as Green Bonds (as defined herein) and neither any Dealer nor the Issuer makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels. None of the Dealers is responsible for the use of proceeds for any Notes issued as Green Bonds, nor the impact or monitoring of such use of proceeds. In addition none of the Dealers have conducted any due diligence on the Green Bond Framework (as defined herein). Sustainalytics B.V. has issued an independent opinion, dated 2 September 2024, on the Green Bond Framework (the "**Second Party Opinion**"). The Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by any Dealer as to the suitability or reliability of the Second Party Opinion or any other opinion or certification of any third party made available in connection with an issue of Notes issued as Green Bonds. As at the date of this Base Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. The Second Party Opinion and any other such opinion or certification is not, nor should be deemed to be, a recommendation by any Dealer or any other person to buy, sell or hold any such Notes and is current only as of the date it is issued. The criteria and/or considerations that formed the basis of the Second Party Opinion or any such other opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Green Bond Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Prospectus. The Green Bond Framework, the Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference in, this Base Prospectus. In the event any such Notes are, or are intended to be, listed, or admitted to trading, on a dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by any Dealer that such listing or admission will be obtained or maintained for the lifetime of the Notes.

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

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

STABILISATION

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

IMPORTANT- PROHIBITION OF SALES TO EEA RETAIL INVESTORS

If the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes include a legend entitled "*Prohibition of sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS

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

MiFID II PRODUCT GOVERNANCE / TARGET MARKET

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

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

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes may include a legend entitled "*UK MiFIR Product Governance*", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a UK distributor subject to the UK Financial Conduct Authority (the "**FCA**") Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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

The applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes may include a legend entitled "*Singapore Securities and Futures Act Product Classification*", which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**").

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

REFERENCES TO LEGISLATION

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

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

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

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

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets and of any financial variable that which might have a negative impact on the return on the Notes; and

(e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

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*" (the "**Conditions**") or any other section of this Base Prospectus. References herein to the Conditions are to those Conditions, or a correspondingly numbered provision hereof.

In this Base Prospectus, all references to:

- "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.
- "**Italy**" refer to the Republic of Italy;
- "**PLN**" and "**złoty**" refer to the lawful currency of the Republic of Poland;
- "**Poland**" refer to the Republic of Poland;
- "**Sterling**" and "**£**" refer to pounds sterling;
- "**Swiss Franc**" and "**CHF**" refer to the lawful currency of Switzerland;
- "**United States**" refer to the United States of America; and
- "**USD**" and "**U.S. dollars**" refer to United States dollars.

On 12 September 2024, the National Bank of Poland (the "**NBP**") exchange rate between the euro and złoty was EUR 1 – PLN 4.2986, the exchange rate between U.S. dollars and złoty was USD 1 – PLN 3.9025 and the exchange rate between the Swiss Franc and złoty was CHF 1 – PLN 4.5674 PLN (*Source: https://nbp.pl/en/archiwum-kursow/table-no-178-a-nbp-2024-of-2024-09-12/*).

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

GENERAL DESCRIPTION OF THE PROGRAMME

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

Issuer:	mBank S.A.
Description:	Euro Medium Term Note Programme
LEI:	259400DZXF7UJKK2AY35
Programme:	The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency as may be agreed between the Issuer and the relevant Dealer. The aggregate nominal amount, any interest rate or interest calculation, the issue price and any other terms and conditions contained herein with respect to each Series of Notes will be determined at the time of issuance and set forth in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).
Arranger:	Commerzbank Aktiengesellschaft
Dealers:	Barclays Bank Ireland PLC Commerzbank Aktiengesellschaft Erste Group Bank AG HSBC Continental Europe J.P. Morgan SE UBS Europe SE UniCredit Bank GmbH 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 "*Subscription and Sale*"), 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 (*Status of the Notes*).
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 "*Form of the Notes*".
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes))) or the latest version of ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), as specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes), each as published by ISDA (or any successor) on its websites (www.isda.org), on the date of issue of the first Tranche of Notes of such Series; or (b) on the basis of the reference rate such as EURIBOR, PRIBOR, WIBOR, SONIA, SONIA Compounded Index, SOFR or SOFR Compounded Index, in each case as set out in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes). The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be

	payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Reset Notes:	Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the applicable Final Terms (or the applicable Pricing Supplement in the case of Exempt Notes). Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms by reference to the aggregate of a mid-market swap rate or government security for the relevant Specified Currency, and for a period equal to the reset period, and any applicable margin, in each case as may be specified in the applicable Final Terms (or the applicable Pricing Supplement in the case of Exempt Notes). Such interest will be payable in arrear on the Interest Payment Date(s) specified in the applicable Final Terms or determined pursuant to the Conditions.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Exempt Notes:	The Issuer may issue Exempt Notes which are Notes for which no prospectus is required to be published under the Prospectus Regulation. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes. The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Conditions in which event the relevant provisions will be included in the applicable Pricing Supplement.
Benchmark discontinuation:	On the occurrence of a Benchmark Event or Benchmark Transition Event the Issuer may (subject to certain conditions and following consultation with an Independent Adviser) determine a Benchmark Replacement and an Adjustment Spread, if any, and any amendments in line with the Conditions.
Redemption:	The applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) will indicate either that: the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons, in the case of Ordinary Senior Notes, or following an Event of Default or, in the case of MREL Senior Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, upon the occurrence of an MREL Disqualification Event, or, in the case of Tier 2 Subordinated Notes, upon the occurrence of a Capital Disqualification Event), or that such Notes will be redeemable at the option of the Issuer (as more fully described in Condition 7.6 (*Redemption at the option of the Issuer (Issuer Call)*) and Condition 7.7 (*Redemption at the option of the Issuer (Clean-up Call Option)*) and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the Noteholders. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).

	Any early redemption of Subordinated Notes, Senior Non-Preferred Notes or MREL Senior Notes will be subject to the prior consent of the Competent Authority to the extent required, in accordance with Applicable Banking Regulations.
Negative pledge:	The terms of the Ordinary Senior Notes will contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*).
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Approval, listing and admission to trading:	Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or additional stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Selling restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the UK, France, Singapore and Switzerland and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
United States selling restrictions:	Regulation S, Category 2. TEFRA D/TEFRA C/TEFRA not applicable, as specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).
Target market:	Unless otherwise indicated in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes), Eligible Counterparties and Professional Clients only as defined in MiFID II and/or UK MiFIR; (all distribution channels).
Regulatory matters:	Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time, see "*Subscription and Sale*".

Use of proceeds:	The net proceeds from each issue of Notes will be applied by the Issuer for: (i) its general corporate purposes, which include making a profit; or (ii) any other purpose stated in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) such as, without limitation, the refinancing or financing, in whole or in part, of eligible projects (as defined in the Green Bond Framework). If, in respect of an issue, there is a particular identified use of proceeds, such use will be specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).
Governing law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law, except for Condition 2 (*Status of the Notes*), Condition 4 (*Waiver of Set off*), Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*) and Condition 21 (*Recognition of Stay Powers*) which will be governed by, and shall be construed in accordance with, Polish law.

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 Conditions or elsewhere in this Base Prospectus have the same meanings as given to them in this section.

RISKS RELATED TO THE ISSUER AND ITS GROUP

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

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

The legal risk associated with the Issuer's portfolio of foreign currency-denominated or foreign currency indexed loans ("**FX loans**"), predominantly retail mortgage loans indexed to CHF ("**FX mortgage loans**") has increased over the past few years. In most proceedings, the mortgage servicing provisions were deemed to be "abusive" clauses and therefore such findings have resulted in these provisions not being binding on or enforceable against the borrowers. Since the judgment of the Court of Justice of the European Union (the "**CJEU**") on 3 October 2019 confirming that a court's declaration of the invalidity of a loan agreement following the exclusion of any "abusive" conversion provisions in such loan agreement would be binding on the parties thereto, the number of court actions brought by borrowers against Polish banks has increased significantly. The uncertainty in relation to the number of new court cases in relation to the Issuer's portfolio of FX mortgage loans and the potential liability which the Issuer may incur as a result, as well as the acceptance levels and the terms and conditions of voluntary settlements offered to borrowers by the Issuer, have and may have in the future an adverse effect on the financial condition, results of operations and prospects of the Issuer.

In the fourth quarter of 2022, following completion of a pilot phase, the Issuer launched a settlement programme for borrowers who have active CHF indexed loans, including borrowers currently in court dispute with the Issuer. The settlement proposal is to convert the loan from CHF to PLN as if the loan had originally been taken out and repaid in PLN, whilst simultaneously writing off part of the outstanding debt. The level of write-off is subject to individual negotiations with borrowers. Once the loan is converted to PLN, the client can decide which interest rate they choose: periodically fixed or variable. The Issuer applies a preferential interest rate to the loan after conversion for clients who conclude a settlement. As of 30 June 2024, the Issuer concluded 17,016 settlements.

On 29 April 2021, the CJEU issued a judgment in case C-19/20. According to this judgment, among other things, if the unfair ("abusive") nature of the contractual provision leads to annulment of the contract, it is for the national court to inform the consumer, in the context of the national procedural rules, of the legal consequences of the annulment of such a contract.

On 15 June 2023, the CJEU issued a verdict in case C-520/21 ("**CJEU June 2023 Judgment**"), according to which:

(a) a consumer is entitled to demand compensation from a credit institution in addition to the reimbursement of monthly instalments and costs paid for the execution of the relevant contract, as well as the payment of statutory default interest from the date of the demand for payment, provided that the objectives of Directive 93/13/EEC on unfair terms in consumer contracts (the "**Directive 93/13**") and the principle of proportionality are respected; and

(b) a bank is not entitled to demand compensation from a consumer in addition to the return of the principal paid for the performance of the relevant contract together with the payment of statutory default interest from the date of the demand for payment.

The CJEU June 2023 Judgment ruled out the possibility for banks to claim compensation for the use of capital. The judgment established certain principles that Polish courts should follow when resolving disputes of a nature similar to the dispute which was the basis for the CJEU June 2023 Judgment.

On 11 December 2023, the CJEU issued an order in case C-756/22 and re-iterated the verdict in C-520/21.

In the order issued on 15 January 2024 in case C-488/23, the CJEU stated that valorisation (i.e. a judicial adjustment to the value of the principal paid to account for inflation) is a form of recompense, thus the banks are not entitled to claim it.

In addition, there has been significant uncertainty in relation to the application of limitation periods in respect of claims which may be made by borrowers for repayment of interest payments paid by them in relation to FX mortgage loans and claims for additional compensation.

Two judgements of the CJEU were issued in December 2023 which considered limitation periods. In the judgment issued on 7 December 2023 in case C-140/22, the CJEU stated that in the event of invalidity of the contract, the exercise of the consumer's rights arising from this invalidity cannot depend on a declaration made by a consumer during the court proceedings that the consumer does not consent to the unfair term being maintained, is aware of the consequences of the invalidity of the contract and consents to the invalidity of the contract. Such a declaration may be made outside of the court and does not have to be so precise. The CJEU did not directly answer the preliminary question concerning the beginning of the limitation period for the bank's restitutionary claims against the consumer.

The CJEU judgment of 14 December 2023 in case C-28/22 states that it is unacceptable that the limitation period for a business entity's claims starts to run only from the day on which the contract became permanently ineffective, whereas the limitation period for a consumer's claims starts to run from the moment the consumer knew or ought to have known of the unfair nature of the contract term rendering the contract void. The CJEU did not directly rule from when the statute of limitations for a bank's claims against a consumer should be counted, however, it indicated that the statute of limitations for such claims cannot start only from the date of "permanent ineffectiveness of the agreement", which the CJEU judgment equated with the date when the judgment declaring the loan agreement invalid became final.

In the case C-424/22 of 8 May 2024, the CJEU stated that if a loan agreement is annulled on the ground that it contains unfair terms and the bank is therefore obliged to make compensation payments to a consumer, the bank is not entitled to apply the right of retention. On 19 June 2024, also the Polish Supreme Court issued a resolution in the case III CZP 31/23, confirming the conclusions presented by the CJEU. This means that the bank is not allowed to withhold such payment until the consumer has repaid all sums that he or she had received from the bank under the loan agreement.

On 25 April 2024, the full Civil Chamber of the Polish Supreme Court issued a resolution in Case III CZP 25/22, with the aim of resolving important legal issues causing significant discrepancies in domestic case law on the basis of disputes concerning FX mortgage loans. The conclusions of the resolution are as follows:

(a) the possibility of replacing abusive provisions with civil law or rules of general application is excluded;

(b) the possibility of maintaining the indexed/denominated loan as a loan in PLN at the interest rate applicable to the indexed/denominated loan is excluded;

(c) the theory of two claims in the case of invalidity of a CHF loan is confirmed (i.e. a theory that each party to the relevant contract has its own claim for the return of amounts provided);

(d) the start of the limitation period for a bank's claim for repayment of amounts paid out on account of a loan commences on the day following the day on which the borrower contests the terms of the agreement with the bank; and

(e) remuneration for the use of the capital is not due to either party to the loan agreement.

Given the propensity of the national courts to follow the Polish Supreme Court's case law, the Issuer took the ruling into account in its provisioning model, considering various possible outcomes. The Issuer monitors court rulings on indexed loans with a view to the development of the case law following the Polish

Supreme Court's resolution, potential legislative initiatives that may also affect the provisioning model, as well as the further course of the discussion as to the interpretation of the Polish Supreme Court's resolution.

The Issuer discontinued offering mortgage loans in CHF in August 2011. The volume of the portfolio of loans indexed to CHF granted to individual customers in Poland (i.e., the sum of loan tranches disbursed to customers), taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 19.5 billion (across 85.5 thousand loan agreements). The volume of the portfolio of loans indexed to other foreign currencies granted to individual customers in Poland, taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 4.1 billion (across 13.4 thousand loan agreements).

As of 30 June 2024, the carrying amount of mortgage and housing loans in CHF granted by the Issuer to individual customers amounted to PLN 1.0 billion (i.e. CHF 0.2 billion) compared to PLN 1.9 billion (i.e. CHF 0.4 billion) as of 31 December 2023. The carrying amount of mortgage and housing loans granted to individual clients in other foreign currencies by the Issuer in Poland as of 30 June 2024 amounted to PLN 1.4 billion compared to PLN 1.5 billion at the end of 2023.

As of 30 June 2024, the Issuer was a party to individual lawsuits and class actions in connection with 21,621 loan agreements indexed to CHF, of which 17,338 related to active loan agreements and 4,283 related to repaid loan agreements (as of 31 December 2023: 21,411 loan agreements, of which 17,852 related to active loan agreements and 3,559 related to repaid loans). Additionally, as of 30 June 2024, the Issuer was a party to individual lawsuits in connection with 595 loan agreements indexed to other foreign currencies, of which 481 concerned active loan agreements and 114 concerned repaid loans (as of 31 December 2023: 370, of which 297 concerned active loan agreements and 73 concerned repaid loans). As of 30 June 2024, the Issuer has received final rulings in individual lawsuits concerning 5,827 loan agreements indexed to CHF (31 December 2023: 4,487 loans). 98.1 per cent. of rulings received were unfavourable to the Issuer. Additionally, as of 30 June 2024, the Issuer received final rulings in individual lawsuits concerning 49 loan agreements indexed to other foreign currencies (89.8 per cent were unfavourable to the Issuer).

The total costs of legal risk related to foreign currency loans recognised by the Issuer in its income statement for the first half of 2024 ended 30 June 2024 amounted to PLN 2,404.0 million (compared to PLN 2,348.7 million in the first half of 2023 ended 30 June 2023). These costs were mainly driven by the update of the Issuer's model parameters for future expected costs of execution of court judgments, in particular the update by the Issuer of estimates of statutory interest costs in relation to the pending court cases.

As of 30 June 2024, the cumulative negative impact of legal risk associated with litigation related to indexation clauses in mortgage and housing loans in foreign currencies and the costs of voluntary settlements offered to borrowers to date amounted to PLN 8,403.2 million (as of 31 December 2023: PLN 8,258.1 million). The cumulative impact includes both (i) the negative impact of legal risk relating to lawsuits and the Issuer's settlement programme for active loans in foreign currencies which are recognised as a reduction of the gross carrying amount of loans in the amount of PLN 5,428.9 million (as of 31 December 2023: PLN 6,334.5 million) and (ii) the negative impact of legal risk concerning lawsuits related to repaid loans and low value active loans which are recorded as provisions for legal proceedings in the amount of PLN 2.974.3 million (as of 31 December 2023: PLN 1,811.5 million).

As of 30 June 2024, the ratio of total provisions concerning mortgages and housing loans in CHF (including reduction of gross carrying amount for the outstanding loan portfolio and provision for repaid loans) to carrying amount of CHF loans was 130 per cent.

The methodology for calculation of the provision for losses of individual lawsuits applied by the Issuer depends on numerous assumptions that take into account historical data adjusted in accordance with the Issuer's expectations of the future and as such involve a substantial degree of judgment. The most important assumptions include: an expected population of borrowers who will file a lawsuit against the Issuer, the distribution of expected verdicts judged by the courts and the resulting loss to the Issuer, and the level of acceptance and the terms and conditions of settlements offered to borrowers.

Certain risks are related to the limitation period for the Issuer's claims for the return of principal.

In accordance with the resolution of the Full Court of the Civil Chamber of the Polish Supreme Court dated 25 April 2024, the limitation period begins from the day following the date of receipt by the bank of the first letter from the borrower challenging the provision of the contract. In the Issuer's opinion, this interpretation in some cases may result in the Issuer's counterclaims for reimbursement of principal to be time-barred. The Issuer estimates the probabilities that its counterclaim is time-barred individually for these contracts, with probabilities ranging from 5 per cent. to 50 per cent., assuming that the Issuer's claims would be considered time-barred, despite the fact that the counterclaims for principal were filed by the Issuer before the expiration of 3 years from the date of the borrower's lawsuit.

If the Issuer's assumptions do not prove to be correct, this could significantly increase the cost of legal risk. The case law on limitation is not yet uniform. It cannot be ruled out that Polish courts will ask the CJEU for a preliminary ruling regarding the further clarification of the limitation period for the bank's claims.

For more details on the methodology, the impact of the legal risk related to court cases concerning indexation clauses in contracts for mortgage and housing loans in foreign currencies and the voluntary settlement programme see "*Description of the Group - FX Mortgage Loans segment - Non-core business*" and the note 31 "Legal risk related to mortgage and housing loans granted to individual customers in CHF" to the H1 2024 Condensed Consolidated Financial Statements (as defined in "*Documents Incorporated by Reference*"), which are incorporated by reference. It is possible that the expected impact of such legal risk will have to be adjusted in the future, which may result in an increase in total costs of legal risk for the Issuer.

Further negative developments regarding the legal risk of FX mortgage loans could require the Issuer to increase the level of provisions for such risk. In the Issuer's view, if these events materialise, they would reduce the ability of the Group to generate capital organically and adversely affect the results of operations, financial condition and prospects of the Group.

The Group is exposed to the risk of depreciation of PLN against foreign currencies in connection with the Group granting, financing and securing FX loans.

The vast majority of retail customers who have FX mortgage loans earn their income in PLN. These customers are usually not protected against the fluctuations of the exchange rates of PLN against the currency of the loan. Consequently, any depreciation of PLN against a foreign currency in which an FX loan is denominated or to which is indexed, which is not sufficiently compensated by a decrease in the relevant interest reference rate, will result in an increase of the PLN value of repayments of principal and payments of interest by the Issuer's customers and in an increase of credit risk of such customers.

A significant and prolonged depreciation of PLN, which results in an increase of the PLN value of repayments of principal and payments of interest by the Issuer's customers, may result in the Issuer's customers experiencing difficulties in repaying their loans, which in turn may lead to a decrease in the quality of the Group's loan portfolio and an increase in impairment allowances on loans and advances, all of which may adversely affect the business, financial condition and results of operations of the Group. If the increase in the probability of default (the "**PD**") or the loss given default (the "**LGD**", i.e. the percentage of exposure lost in case of default) of the Group's loans and advances significantly exceeds the rate or ratio (as applicable) that were assumed in setting interest rates for these loans, then the Group's business, financial condition and results of operations could be adversely affected.

The Issuer's portfolio of FX loans is funded both through balance sheet financing and derivative transactions. The typical maturities of both the balance sheet instruments and derivative contracts are shorter than the maturities of the underlying FX loans. As a result, the Issuer is required to renew such contracts when they mature. The Issuer 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 Issuer 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 PLN may also cause the value of the collateral securing the Issuer's portfolio of the FX mortgage loans to fall below the outstanding value of such loans, which may in turn increase the LGD ratio applicable to the Issuer's foreign currency portfolio.

Any occurrence of any of these factors may have an adverse effect on the Group's business, financial condition and results of operations.

Risks related to a possible future outbreak of a pandemic.

On 11 March 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 pandemic negatively impacted the Group, the Group's counterparties and clients. For example, the Group offered its clients a number of assistance tools aimed at supporting them in difficult situations as a result of the pandemic, which in turn negatively impacted the Group. Although in May 2023 the World Health Organization declared an end of COVID-19 as a public health emergency, certain adverse consequences of the COVID-19 pandemic continued to impact the macroeconomic environment in 2023, supply chains and the financial situation of some companies.

If new COVID-19 waves, the emergence of variants or strains resistant to existing or new vaccines, or any other highly contagious diseases or other public health emergencies force countries to re-adopt measures that restrict economic activity, the macroeconomic environment could deteriorate and adversely impact the business and results of operations of the Group, which could include, but is not limited to (i) a decreased demand for its products and services, (ii) material impairment of its loans and other assets, (iii) a decline in the value of collateral, (iv) constraints on the Issuer's liquidity due to market conditions, (v) volatility in exchange rates, (vi) customer withdrawals of deposits and continued draws on lines of credit, and (vii) downgrades of the Issuer's credit ratings.

Any other future pandemic may negatively affect global financial markets, which in turn may limit funding opportunities. Difficulties in this respect could have a negative impact on the availability and cost of financing for the Group. In addition, the emergence of any other future pandemic, may result in new support solutions being imposed on the Group by the regulators which in turn may generate additional costs.

A downgrade of credit ratings of the Issuer or its subsidiaries could negatively affect the refinancing conditions for the Group, in particular its access to debt capital markets.

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. A downgrade of credit ratings of the Issuer and/or its subsidiaries may lead to a restriction of access to funds and consequently to increase the costs associated with interbank and capital market transactions and could adversely affect the Group's liquidity and competitive position, undermine confidence in the Group and adversely affect its interest margins and financial results. Additionally, it may have a negative impact on the Issuer's ability to issue eligible instruments in order to meet the Minimum Requirement for Eligible Liabilities and Own Funds (the "**MREL**") requirement set by the Bank Guarantee Fund (*Bankowy Fundusz Gwarancyjny*, the "**BGF**").

In addition, under the terms of certain derivative contracts and financing instruments, a reduction in the credit rating of the Issuer may lead to the need for the posting of additional collateral, termination of contracts, and/or the repayment of financing.

Pressure on the Issuer's credit ratings may arise; for example, in the event of significantly weaker capital generation driven by poorer financial performance or negative valuation of treasury securities measured at fair value through other comprehensive income, a material deterioration of asset quality, substantial provisions created for legal risks relating to CHF mortgage loans, deterioration in the operating environment for banks in Poland, a downgrade of the sovereign rating or the credit rating of the Issuer's parent company, Commerzbank Aktiengesellschaft ("**Commerzbank**").

A downgrade of credit ratings of the Issuer or its subsidiaries could result in increased costs associated with the Group's capital markets transactions and could adversely affect the Issuer's liquidity and it 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 Issuer'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 Issuer'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 Issuer's liquidity position may be adversely affected. Current liquidity may also be affected by unfavourable financial market conditions. If assets held by the Issuer in order to provide liquidity become illiquid due to unforeseen financial market events or their value drops substantially, the Issuer might not be able to meet its obligations as they become due and therefore might be forced to resort to interbank funding, which, in the event of an unstable market situation, may become excessively expensive and uncertain. In addition, the Issuer's ability to use such external funding sources is directly connected with the level of credit lines available to the Issuer, and this in turn is dependent on the Issuer's financial and credit condition, as well as general market liquidity.

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

The Issuer's ongoing analysis covers liquidity under normal and stressed conditions which may result in potential liquidity loss. In order to support the process of liquidity risk management, a system of early warnings indicators and recovery indicators was developed in the Issuer. Despite the above-mentioned procedures, there remains a risk that events may occur which lead to a decrease in liquid assets which in turn could result in the Issuer being unable to meet its commitments when they become due. Such events may be sudden, unpredictable and, at the same time, affect the entire banking sector in Poland, Europe or worldwide.

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

The Group faces risks relating to the free loan sanction.

The Consumer Credit Act introduced a special type of penalty imposed on the lender in the form of a "free loan" sanction. This sanction is imposed on a lender if the consumer credit agreement has been prepared incorrectly. It applies to consumer credit agreements up to PLN 255,550 or the equivalent in a currency other than the PLN.

In essence, if a lender fails to meet specific informational obligations when concluding a contract, the consumer has the right to return only the principal without interest and other costs specified in the contract ("**free credit**"). Every consumer credit agreement must contain specifically defined elements, primarily for informational purposes. These elements are listed in Article 30 of the Consumer Credit Act. The absence of these defined elements or their incorrect definition in a consumer credit agreement will result in the transformation of the credit into free credit. Even a single discrepancy, such as an incorrect indication of the total cost of credit or the actual annual interest rate in the credit agreement, will result in transformation into free credit.

Certain borrowers under consumer loans or professional entities which acquired claims under the loans from the original borrowers attempt to challenge the loans in courts by claiming that they did not meet the criteria defined in the Consumer Credit Act. So far, the court rulings concerning the free loan sanction have been relatively favorable to banks, although the number of court cases is growing. As a result, the Polish courts have raised questions to the CJEU in connection with the free loan sanction and while no rullings have been issued by the CJEU yet, they are expected to set the direction for resolving these disputes by the Polish courts.

The Issuer believes that it complies with the provisions of the Consumer Credit Act and properly fulfills all obligations towards consumers. Consequently, any disputes in this regard are resolved through court proceedings. As of 30 June 2024, more than 300 court proceedings were pending against the Issuer in connection with the free loan sanction.

At the end of June 2024, out of 28 final judgements, 27 were favorable for the Issuer. In addition, out of 55 judgements issued by the court of the first instance, 40 judgements were favorable for the Issuer.

If there are any unfavorable changes in the jurisprudence concerning the free loan sanction, such changes would result in an increase in the legal risk costs of the Group and could have an adverse effect on the Group's business, financial conditions and results of operations.

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

The increase in interest rates in Poland since October 2021 had a direct impact on the level of instalments paid on PLN mortgage loans, as the reference rate for the calculation of instalment amounts on PLN mortgage loans is primarily based on WIBOR. As a result, borrowers dissatisfied with rising instalments have started to seek grounds for invalidating their WIBOR-based loan agreements. In theses lawsuits, borrowers argue that the provisions in the loan agreements relating to the WIBOR rate did not adequately inform them of the risk of interest rate changes and question whether banks were correctly using WIBOR as the benchmark for calculating interest rates on residential mortgage loans. The main argument made by borrowers is that WIBOR index is not representative or reflective of interest rates used in the interbank deposit market, which it should reflect.

The Issuer does not consider such allegations to be justified. WIBOR is a solid and reliable benchmark as it is determined by a licensed administrator, GPW Benchmark and it has been fully adapted to the requirements of Regulation (EU) 2016/1011. According to the Financial Stability Committee, denying the correctness of the determination of the WIBOR index has no legal or economic basis and the attempts to challenge it constitute a systemic threat. Other public institutions, including the KNF and NBP, presented a very firm stance about the determination and use of WIBOR. However, in April 2024, the Financial Ombudsman published an important opinion regarding the variable interest rate clause in loan agreements, which may be helpful to borrowers in disputes with banks. The Financial Ombudsman found that the interest rate clauses contained in a contract referring to WIBOR may be assessed against the conditions for recognising them as prohibited contractual provisions within the meaning of Art. 385 (1) of the Civil Code. The objections do not concern the benchmark and the method of its calculation, but the scope of information provided to customers. The fact that a file of documents informing the borrower of the risk of interest rate changes is submitted to the borrower for signature does not mean that the bank has fulfilled its information obligation.

In July 2024, one of Polish courts submitted preliminary questions concerning claims arising in respect of WIBOR-based loan agreements to the CJEU. The court asked, among other things, whether contractual provisions regarding variable interest rates referencing WIBOR can be examined for abusiveness, what information obligations the bank had to fulfill and whether the contract can be continued without WIBOR. The CJEU ruling will set the direction for resolving disputes regarding WIBOR by the courts in Poland.

On 30 July 2024, the Polish Bank Association reported that there were approximately 1,100 cases pending in Polish courts concerning the WIBOR rate. There were 24 final judgments, all positive for banks.

As of the end of June 2024, the Issuer registered over 100 lawsuits concerning questioning of interest rates on loans based on WIBOR. All judgments, including one judgment in the second instance, were favorable to the Issuer.

However, uncertainty as to the outcome of jurisprudence in this area and whether borrowers' claims would be upheld still exists. In the event of unfavorable jurisprudence for banks in Poland, including the Issuer, an inflow of lawsuits from PLN mortgage borrowers may arise, as was seen in respect of FX mortgage loans (see "*The Group is exposed to the legal risks related to loans denominated in or indexed to CHF*." above). This, in turn, could increase the Issuer's costs of legal risk and could have a negative effect on the Group's operations, financial condition and results.

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

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

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

The quality of the Group's loan portfolio can also be influenced by counterparty risk arising from the potential inability of the Group's counterparties, including corporate customers, banks and other financial institutions, to fulfil their obligations under transactions and financial instruments entered into with the Issuer 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.

There is a risk that the quality of the Group's loan portfolio may deteriorate as a result of the impact of the Russia-Ukraine war on some of the Group's customers, disruptions in supply chains and increases in the prices of gas, coal and other raw materials. Moreover, the combined pressure of potential economic slowdown, continuing high inflation and elevated interest rates may impact the ability of the Group's customers to repay their debt.

The quality of the Group's debt securities portfolio is substantially dependent upon the ability of the issuers of the securities to make payments on the securities when due. The ability of the issuers to make such payments may be affected by changes in their financial standing, including liquidity issues, as well as by the potential global financial crisis, liquidity concerns, increased credit risk and other macroeconomic factors.

A deterioration in asset quality leading to an increase in expected losses could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

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 Issuer'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 foreign currencies and uncertainties relating to the current macroeconomic environment, in particular the unemployment rate, gross domestic product ("**GDP**") growth, inflation, the level of interest rates and the impact of extraordinary events, such as the Russia-Ukraine war.

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

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

Any material increases in the Group's expected credit losses on loans and advances, any loan losses in excess of the previously determined expected credit losses on loans and advances with respect thereto or changes in the estimate of the provision for expected losses on loans and advances of the Group could have an adverse effect on the Group's business, financial condition and results of operations.

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

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

As of 30 June 2024, debt instruments issued by the State Treasury constituted 61.3 per cent. of the Group's portfolio of investment securities, which include financial assets measured at fair value through other comprehensive income, debt securities measured at amortised cost and non-trading equity and debt securities mandatorily measured at fair value through profit or loss. A decrease in the price of such securities may occur as a result of several factors, in particular: (i) an increased supply of such securities by the Polish government due to an increased issue of those securities to finance the budget deficit; or (ii) sales of such securities by investors in the secondary market; or (iii) increases in domestic interest rates; or (iv) a decrease in the credit ratings for Poland's sovereign debt; or (v) increased political risk and a negative perception of Poland by investors. Any decrease in the price of such securities could adversely affect the Group's business, financial condition and results of operations.

A significant part of the Group's debt securities is measured at fair value through other comprehensive income (i.e. equity). A decline in the fair value of debt instruments measured through other comprehensive income has a negative impact on the Group's capital ratios. This was the case following a series of interest rate hikes in Poland, initiated in October 2021, which caused valuations of fixed-rate debt securities to fall.

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.

Any occurrence of any of these factors may have an adverse effect on the Group's business, financial condition and results of operations.

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

The Group is exposed to counterparty risk arising from the potential inability of the Group's counterparties, including corporate customers, banks and other financial institutions, to fulfil their obligations under transactions and financial instruments entered into with the Group due to a number of factors, including, in particular, bankruptcies, a lack of market or individual customer liquidity, economic downturns, adverse financial and market movements (e.g., in interest rates or foreign currency exchange rates, commodity prices, the implied volatility of foreign exchange options, etc.), operational failures and increased economic and political uncertainty. A reduction in the ability of the Group's counterparties to fulfil such obligations, or a default by, or even concerns about the creditworthiness and financial standing of, one or more of the Group's counterparties could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group has substantial assets, associated with foreign exchange derivatives, which include foreign exchange swaps, forwards and options conducted with other banking and non-banking clients. Credit exposures arising from concluded derivative transactions are managed by the Group as a part of clients' general credit limits, taking into account the potential impact of changes in market parameters on the value of such exposures. Existing agreements with counterparties obligate the Issuer to monitor the value of its exposure to such client on a daily basis and provide for additional collateral against the exposure to be contributed by either the client or the Bank. At the same time, the agreements also contemplate early settlement of the derivative transaction with the client in the event the client cannot fulfil certain obligations, including the delivery of collateral, under the agreement.

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

Although the Group actively manages its liquidity requirements and foreign exchange position and hedges its exposure to foreign exchange and interest rate risks, continued foreign exchange rate volatility of the PLN against foreign currencies could increase the pressure on the Group's counterparties, and could lead to increased defaults of the Group's counterparties and further losses incurred by the Group on its foreign exchange derivatives. Such developments could have an adverse effect on the business, financial condition and results of operations of the Group.

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

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

The net interest income generated by the Group depends to a large extent on the levels of the Group's interest-bearing assets and liabilities and the average interest rates on interest-earning assets and interest-bearing liabilities. In order to stabilise the interest margin and reduce the sensitivity of interest income and economic value, the Group hedges some of the interest-bearing assets and liabilities through interest rate swap ("**IRS**") transactions as part of hedge accounting.

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

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

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

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

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

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

Furthermore, 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. The Group is limited in its ability to change its average credit margins through the generation of new mortgage loans reflecting current credit margins in the market compared with other financial institutions which have credit portfolios with a larger proportion of short-term loans. This limited ability to change margins on its loan portfolio may adversely affect the net interest margin reported by the Group and have an impact on products offered to customers.

Moreover, when granting mortgage loans and calculating the applicable interest rates, the Group assumes a certain level of prices of residential real property securing such loans. If sale prices of residential real property in Poland substantially decline for any reason, the value of the Group's collateral might be adversely affected and, in cases of foreclosure, the Group may not be able to recover the entire amount of such loans if the borrowers are unable to repay them. In addition, investments in real estate are characterised by low liquidity as compared with other types of investments and such liquidity may further deteriorate in a period of economic downturn. In the event of a significant collapse or crisis on the real estate market in Poland, the effectiveness and efficiency of enforcement proceedings may decrease significantly.

Prepayment of mortgage loans with a periodically fixed interest rate may affect the return on the Group's loan portfolio

On 30 June 2021, the Issuer expanded its offer of mortgage loans by adding mortgage loans with an initial five-year fixed interest rate and allowed its clients with PLN-denominated mortgage loans based on floating rates to switch to the product. Since then, the share of mortgage loans with a periodically fixed interest rate in the Issuer's PLN mortgage loan portfolio has increased and as of 30 June 2024 exceeded 31 per cent.

Under Polish consumer protection laws the Group may not be able to charge borrowers with such loans prepayment fees if these borrowers decide to repay their loans before their maturity. Additionally, even if these loans are prepaid, the Group may still have to make payments to counterparties of the interest rate swaps entered into in connection with these mortgage loans.

If a large number of customers decide to prepay their PLN-denominated mortgage loans, the Group's return on its PLN mortgage loan portfolio may be materially affected and in addition, the Group will have to bear the costs associated with hedging transactions that the Group entered into in relation to this loan portfolio.

The occurrence of any of these factors may have an adverse effect on the Group's business, financial condition and results of operations.

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

The Group generates fee and commission income primarily from payment cards, lending, foreign currency transactions, bank accounts, money transfers, offering insurance products of third parties, cash services, agency services regarding the sale of third-party financial entities' products, portfolio management, leasing services, business accounts, cash management, financial markets instruments, custodian services, brokerage services and debt origination, guarantees and trade finance products with corporate banking customers.

For the year ended 31 December 2023, fee and commission income of the Group amounted to PLN 3,015.9 million, a decrease of PLN 10.2 million or 0.3 per cent. compared to the year ended 31 December 2022. In the six months ended 30 June 2024, fee and commission income was PLN 1,556.3 million, an increase of 4.7 per cent. or PLN 70.5 million compared to the six months ended 30 June 2023.

For more information on the fee and commission income generated by the Group, see "*Selected Financial Information of the Issuer and Overview of the Groups Financial Condition – Income of the Group*".

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

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

The Group outsources the performance of specific activities on its behalf, including IT services, correspondence service, cash support services, cash processing and debt collection, cloud computing, personalisation of payment cards, archiving and handling of documentation as well as payment services to third parties. Additionally, the Issuer outsources to external service providers the performance of certain services related to the sale of retail banking products offered by the Issuer. If any of the third parties on which the Issuer relies, fails to perform in accordance with the terms of its agreement with the Issuer, 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 Issuer's Management Board. In addition, the Group uses distribution channels based on an IT platform comprising online banking, mobile banking and a call center.

The Group is exposed to third-party attacks on its IT systems which could result in financial or reputational loss. The Group utilises a number of IT systems to conduct its operations. Due to the high complexity of interactions and interdependencies among the Group's IT systems, there can be no assurance that these systems will always properly interact with one another or will always effectively ensure the error-free and timely transfer of data within the IT structure of the Issuer 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 Issuer's retail segment, which involves offering banking services through an online transactional system and mobile applications, is significantly dependent on the availability, functionality and security of the Group's IT systems and, as a result of its high reliance on online platforms, it is also particularly exposed to third-party attacks via the internet, e.g., cyber-attacks. Malfunctions, in particular with respect to the use of and interactions between the Group's IT platforms, information leakages, service interruptions or similar events may affect the relationship between the Group and its customers.

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

Additionally, new technologies and technological solutions, such as artificial intelligence ("**AI**"), are continually being utilised by the Group. For example, the Group implemented several solutions based on AI, including, among others, Voice and Chat BOT, which automates the customer's service in Contact Center, payment assistant, a predictive tool that is able to generate money transfer suggestions for customers, mKanon, a natural language system helping to draft customer communications, Processifier, a tool used to analyse, visualise and help in optimizing business processes using process mining methodology, Helios, the anti-fraud system monitoring money transfers and card and BLIK transactions in real time in order to prevent fraudulent operations and customer churn analysis. The main concerns associated with AI are data security and privacy, since AI systems require large amounts of data. As AI technologies become increasingly sophisticated, the security risks associated with their use and the potential for misuse also increase. The regulatory landscape related to AI is rapidly changing, which may affect the availability of some solutions.

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

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

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

The Group is required to comply with applicable anti-money laundering and combating the financing of terrorism, anti-bribery and corruption, sanctions and other laws and regulations. Financial crime compliance is increasingly complex and detailed. Compliance with these laws and regulations requires automated systems, sophisticated monitoring and skilled compliance personnel.

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. However, 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's employees spot and report such activities based on experience in recognising 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 extensive 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 worldwide annual turnover can be imposed by the relevant data protection regulator for non-compliance with the GDPR. Moreover, individuals have the right to judicial redress and claim compensation beyond the statutory fines.

Data privacy and cybersecurity laws and regulations may evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions. The Group may become subject to new legislation or regulations concerning data privacy or cybersecurity, which could require the Group to incur additional costs to comply with the requirements.

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, leakage of personal data related to a technological failure, resulting from human error, deliberate misuse or abuse of personal data, a cyber-attack or circumstances beyond the Issuer's control cannot be excluded. As a result, 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 may fail in implementing its strategy.

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

At the mid-point of the implementation of its strategy, in December 2023, the Group adjusted selected targets and metrics in response to the changed operating environment, revisited its environmental, social and governance ("**ESG**") goals and redefined them from the perspective of their further integration into the Group's priorities and activity, risk and management processes.

The Group may fail to implement the Group Strategy, in particular, due to difficult economic or market conditions, legal and regulatory impediments, the impact of the Russia-Ukraine war on the economy and the financial standing of the Group's clients, new burdens and obligations imposed on the banking sector in Poland, an increase in competition from other universal banks and non-banking financial companies, changes in customer behaviour and other factors. In addition, internal factors may cause the Group to fail to attain its strategic objectives, including, for example, delays and difficulties in launching new products and solutions in mobile and internet banking, problems in developing cross-selling within the Group, delays in implementing solutions to enhance customer service quality, or difficulties in developing the retail or corporate segments.

The occurrence of such factors could lead to the Group losing its position as one of the leading universal banking groups in Poland (as determined based on data published by the KNF and the NBP) and the leading institution in terms of internet and mobile banking channels (as ranked by prnews.pl) and in consequence it may have a material adverse effect on the business, financial condition and results of operations of the Group.

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

The Group primarily faces competition in its universal banking activities, where its competitors include large Polish and international banks operating in Poland's retail, corporate and investment banking markets. In particular, taking into account the large investments made by other banks in new technologies, the Group faces increasing competition in internet and mobile banking, in respect of which the Issuer 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 Issuer 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 Issuer.

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, an incentive scheme, professional development management and career planning. In Poland, there is strong demand for qualified personnel specialising in IT, banking and finance, especially at middle and upper management levels.

Competition of this kind may increase the Group's personnel-related costs and make it difficult to recruit and reward 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 Issuer and the Group may be unable to satisfy its or their required minimum capital adequacy ratios.

The Issuer and the Group are subject to the capital requirement regulations of the European Union and Poland, which impose minimum capital ratios and other prudential standards on credit institutions and investment firms. These regulations are intended to ensure the financial soundness and stability of the banks and the banking sector as a whole, and to protect depositors and investors.

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

- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (as amended, the "**Capital Requirements Directive**") and the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended, the "**CRR Regulation**" or the CRR and, together with the Capital Requirements Directive, the "**CRD**");
- the Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014 ("**ITS Regulation**");
- 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 minimum levels of mandatory capital adequacy ratios for banks in Poland specified by the KNF in line with the CRD regime are:

- the basic 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 (due to the exceptional socio-economic situation after the outbreak of the COVID-19 pandemic, this requirement was abolished by the Regulation of the Minister of Finance as of 19 March 2020); and
- an additional capital charge in Pillar II to address the risk of foreign currency linked mortgage portfolios. The KNF recommendation of 2022 (amended in June 2023) to maintain own funds to cover the additional capital requirement for the Issuer and for Group level expired in December 2023.

As of 30 June 2024, the required minimum TCR and Tier 1 capital ratio at the consolidated level stood at 11.11 per cent. and 9.11 per cent., respectively, while the required minimum capital ratios for the Issuer at the individual level were 11.13 per cent. for TCR and 9.13 per cent. for Tier 1 capital ratio. As of 30 June 2024, the Group reported TCR and Tier 1 capital ratio at 15.5 per cent. and 13.7 per cent., respectively, while stand-alone TCR and Tier 1 capital ratio for the Issuer stood at 17.7 per cent. and 15.7 per cent., respectively.

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

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

- reduction in own funds due to losses resulting from high costs of legal risk related to foreign currency loans, deterioration in the quality of the Group's assets, lower income levels, increase in costs (including additional burdens imposed on banks by regulators) or a combination of all these options;
- reduction of Tier 2 capital as a result of amortisation and subsequent repayment of subordinated liabilities;
- deterioration of asset quality leading to a higher level of loan loss provisions, which could cause an increased amount of capital deductions;
- an increase in the Group's total risk exposure amount as a result of the expansion of its business or depreciation of the PLN against the foreign currencies in which a part of the Group's assets is denominated as well as due to regulatory factors;
- the Issuer's ability to raise capital;

- a decline in the values of the Group's securities portfolio measured at fair value through other comprehensive income;
- changes in accounting rules or in the guidelines regarding the calculation of the capital requirements and capital adequacy ratios of banks; and
- additional capital requirements or changes in the minimum capital requirements imposed by the Issuer's competent authority.

In April 2024, Poland's macroprudential body, the Financial Stability Committee, announced that the countercyclical buffer should be set at 2.00 per cent. The level should be achieved in two steps, the first at 1.00 per cent. as of 12 months from the date of announcement of the Regulation of the Minister of Finance and the second one at 2.00 per cent as of the date 12 months from the deadline for achieving the first step.

According to the Management Board Report on the Performance of mBank S.A. Group in H1 2024, in 2024, an increase of risk-weighted assets is expected due to regulatory factors. They result from implementation of material changes in the models of all parameters: PD, credit conversion factor and LGD in the portfolios subject to the advanced internal rating-based ("**AIRB**") approach. In 2024, the Issuer expects a rise in risk weighted assets by approximately PLN 4.5 billion. The final impact shall depend on the conditions of implementation of the models indicated in the decision of the banking authorities. Before the end of 2025, risk weighted assets are expected to increase as a result of (i) the implementation of the CRR III package and (ii) other regulatory requirements for advanced capital calculation methods. The impact of these factors is expected to range between PLN 4 and 9 billion.

The capital requirement regulations are subject to change and may be amended or supplemented from time to time, either at the EU level or at the national level, in response to market developments, regulatory initiatives, international standards or other factors. Such changes may affect the Issuer's ability to meet the applicable capital ratios and standards, or may require the Issuer to raise additional capital, reduce its risk-weighted assets, modify its business model, strategy or operations, or incur additional costs or charges.

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

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

The Bank and its Group are 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.

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

The MREL requirement is calculated on the basis of the Total Risk Exposure Amount (the "**TREA**") and the Total Exposure Measure (the "**TEM**"). The combined buffer requirement ("**CBR**") is excluded from MREL. It has to be met on top of the MREL requirement.

As of the date of this Base Prospectus, the Issuer is classified neither as a globally systematically important bank nor as a top tier bank. The MREL has been set taking into account the resolution strategy of Commerzbank, i.e. the Multiple Point of Entry, where the Group constitutes a separate resolution group. mBank Hipoteczny S.A. ("**mBH**") is excluded from the consolidation for the purposes of MREL.

On 9 April 2024, the Issuer received a letter from the BGF concerning the joint decision of the resolution authorities, the Single Resolution Board and the BGF regarding the minimum MREL requirement. The BGF, in agreement with the Single Resolution Board, determined the MREL requirement at the consolidated level, excluding mBH, in relation to TREA ("**$MREL_{TREA}$**") at the level of 15.36 per cent., which should be met by own funds and subordinated eligible liabilities at the level of 13.69 per cent. The MREL requirement in relation to TEM ("**$MREL_{TEM}$**") was determined at 5.91 per cent. and it should be met by own funds and subordinated eligible liabilities at 5.26 per cent. of TEM.

The Common Equity Tier 1 capital kept for the purposes of the CBR cannot be included in MREL requirement in relation to TREA. As of 30 June 2024, the CBR for the Group calculated on TREA (without mBH) was 3.16 per cent.

As of 30 June 2024, the Group reported the $MREL_{TREA}$ ratio of 22.79 per cent. including 21.94 per cent. for own funds and subordinated eligible liabilities.

As of 30 June 2024, $MREL_{TEM}$ was 8.67 per cent., including 8.35 per cent. for own funds and subordinated eligible liabilities.

This means that MREL ratios reported as of 30 June 2024 were above minimum required levels. As of the date of this Base Prospectus, the Issuer also meets the $MREL_{TREA}$ and $MREL_{TEM}$ requirements.

Issuances of additional eligible liabilities for the purposes of MREL in order to meet the requirements set by the BGF, in particular in unfavourable market conditions, may increase the Issuer's funding costs.

Failure to meet the MREL requirement may have multiple consequences for banks, ranging from application of M-MDA (i.e. restrictions on profit pay-outs in the form of dividends and variable remuneration) to financial penalties on the Issuer or/and on the Management Board or the Supervisory Board.

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

The Group faces ESG-related risks.

The Group is exposed to various ESG risks that may arise from its operations, products, services, clients, suppliers, regulators and other stakeholders. These risks include, but are not limited to, the following:

- environmental risks, which may be grouped into two major subcategories:
  - transformation risk, which is the risk that unforeseen financial costs result, directly or indirectly, from the process of adapting to a low-carbon and more environmentally sustainable economy, and
  - physical risk, which is the risk of negative financial effects of a changing climate, including more frequent extreme weather events and gradual climate change, as well as environmental degradation such as air, water and soil pollution, water stress, biodiversity loss and deforestation;
- social risks, such as consequences arising from violations of human rights, labour standards, health and safety, diversity and inclusion, customer protection, social responsibility, community engagement, social unrest and litigation; and
- governance risks, such as the Group's failure to comply with corporate governance regulations, ethics, compliance and anti-corruption in a timely manner, risks related to money laundering, data protection, cyber security, terrorist financing and violation of sanctions and legal risks.

Due to the constant development and implementation of legal regulations (including, *inter alia*, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment) and market recommendations for "green", "sustainable", "social" or other equivalently labelled projects, there is a risk that the ESG projects implemented by the Group will not achieve the efficiency goals in any of these aspects or that there will be adverse environmental, social and/or other effects during the implementation of such projects. Furthermore, the Issuer cannot assure investors that any ESG projects or investments will comply with future ESG regulations, ordinances, standards or performance requirements or that the status of ESG projects or investments may not be withdrawn at any time.

The Group has adopted policies and procedures to identify, assess, manage and disclose its ESG risks and opportunities, and to align its business strategy with the relevant ESG standards and frameworks. However, the Group cannot guarantee that its ESG policies and procedures are adequate, effective or consistent with the expectations of its stakeholders or the market. Moreover, the Group may face increased costs, liabilities, penalties, sanctions, litigation, reputational damage, loss of business opportunities, competitive disadvantage or regulatory intervention as a result of the materialisation of its ESG risks or its failure to comply with applicable ESG laws, regulations, new disclosure requirements, standards or best practices. The Issuer may also be subject to changes in the ESG preferences, demands or behaviours of its investors, clients, employees, suppliers or other stakeholders, which may affect its ability to access funding, generate revenues, retain talent, manage costs or maintain its social licence to operate.

The occurrence of any of these ESG risks, individually or in combination and/or failure to meet the ESG requirements or standards with regard to the implementation of ESG projects or investments carried out by the Issuer may adversely affect the reputation and competitive position of the Group and, consequently, may have a negative impact on the operations, financial condition, results and prospects of the Issuer and the Group.

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

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

Under the Crowdfunding Act, a borrower under a mortgage loan denominated in PLN, who is a consumer, could suspend the repayment of one loan agreement which was provided to finance its own housing needs. The suspension period was two months in the period from 1 August 2022 to 30 September 2022, two further months in the period from 1 October 2022 to 31 December 2022 and one month in each calendar quarter from 1 January 2023 to 31 December 2023. During the suspension period, the borrower did not have to make any payments due to the lender under the loan agreement (including interest, principal amount and fee), except for payments of the insurance premiums linked to the loan agreement. For the year ended 31 December 2022, the Group recognised the negative impact of credit holidays in the total amount of PLN 1,334.4 million, out of which PLN 1,322.4 million was recognised in the interest income of the Group and PLN 12.0 million was recognised in the net trading income of the Group due to the negative effect on hedge accounting. For the year ended 31 December 2023, due to an updated calculation of the impact of credit holidays, the Group recognised a PLN 57.5 million gain on non-substantial modification, which increased net interest income, and PLN 12.0 million impact on hedge accounting, which increased net trading income.

In April 2024, the Polish Parliament amended the Act of 9 October 2015 on support for borrowers in financial difficulties and the Crowdfunding Act. Credit holidays were extended with the following eligibility criteria. Borrowers under a mortgage loan denominated in PLN have a right to suspend four instalments of principal and interest in 2024: two instalments between 1 June 2024 and 31 August 2024 and two installments between 1 September 2024 and 31 December 2024. The option is available for borrowers whose monthly mortgage instalment exceeds 30 per cent. of their average income for the last three months preceding the month of submitting the application to suspend instalments. Households with at least three children can apply for credit vacations regardless of the level of the ratio of the instalment to average income. The maximum nominal value of each mortgage loan entitled for this programme was set at PLN 1.2 million.

In the first half of 2024, the Group recognised the negative impact of credit holidays on the Group's financial result in the total amount of PLN 256.8 million. In order to calculate the impact of credit holidays, the Group estimated that customers whose loans represent 87.9 per cent. of the value of the assumed portfolio of mortgage loans meeting the statutory criteria have submitted or will submit applications for credit holidays and will apply for an average of 3.4 months of credit holidays. However, as at the date of this Base Prospectus, the number of applications for credit holidays by borrowers has been lower than the Groups' estimations, as evidenced by the take up rate at the end of August.

If the amount of mortgage loans covered by credit holidays is higher than assumed by the Issuer or the period of credit holidays is extended by the legislator beyond 2024, this would entail additional financial burdens for the Group, and it would have an adverse effect on the Group's business, financial conditions and results of operations. A potential extension of the suspension of repayment of mortgage loans in the future would have a negative effect on the Issuer’s financial condition.

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

Interest rates and indices which are deemed to be "benchmarks", including EURIBOR and WIBOR are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences.

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

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

- financial risks for financial market participants, including the Group, resulting mainly from the impact of the benchmark interest rate on interest income and costs, parties to interest rate derivative transactions in Polish zlotys and the impact on entrepreneurs in connection with their financing agreements and securing the related interest rate risk); and
- legal risk related to how the change is implemented.

On 28 September 2022 the NWG announced a roadmap for phasing out WIBOR and replacing it with a new benchmark, the Warsaw Interest Rate Overnight ("**WIRON**"). The WIRON rate is based on actual deposit transactions that banks acting as data contributors make with financial institutions and large companies. Under the roadmap, which was updated in October 2023, WIBOR should be withdrawn at the end of 2027. Some Polish banks introduced a limited range of products based on WIRON. The first experience of WIRON's functioning has shown some difficulties with its implementation on a wider scale due to the inclusion of a component of large and medium-sized enterprises acting as data contributors for this benchmark rate. In April 2024, the Ministry of Finance asked the members of the NWG Steering Committee to revisit the review and analysis of benchmarks alternative to the WIBOR, taking into account both WIRON and other possible benchmarks.

Due to the ongoing works on the introduction of a replacement for the WIBOR benchmark, as of the date of this Base Prospectus, the Issuer is not able to estimate the possible impact of the planned change on the Group's operations and results.

Risks related to the Russia-Ukraine war and other military conflicts.

The Group conducts its operations amid a tense geopolitical and market situation. Russia commenced a full-scale military invasion of Ukraine on 24 February 2022 (the "**Russia-Ukraine war**"), which continues, and in October 2023 –the Israel-Hamas conflict began.

As at the date of this Base Prospectus, the Group does not have direct balance sheet exposure towards Ukraine and its direct balance sheet exposure towards Russia is negligible. However, the Russia-Ukraine war may also have an indirect impact on the Group's operations by affecting the Polish economy and financial markets, including commodity and fuel price volatility, increased inflation, PLN depreciation and valuation of bonds in banks' portfolios.

Depending on the future development of the Russia-Ukraine war, it is not possible to exclude the risk of adverse effects on the Group. The Russia-Ukraine war might affect the Group's lending activity and the quality of its loan portfolio. A significant and permanent weakening of the PLN vis-a-vis foreign currencies might affect the Group's borrowers' ability to repay FX loans. Uncertainty in the local and global markets resulting from economic and geopolitical concerns caused by the Russia-Ukraine war may also lead to an increase in funding costs and execution risks related to debt issuance in the capital markets. Furthermore, the risk of cyberattacks on companies and institutions could increase even further.

Moreover, there is a risk that the Russia-Ukraine war will escalate further. Such escalation may include an expansion of the conflict into neighboring countries and/or increases in the scale of military operations or involvement of other participants, including NATO members and Russia's allies. This would increase the scale of the existing negative macroeconomic consequences and generate significant risks for the financial sector in Poland.

The geopolitical situation in the Middle East is also a factor of great uncertainty. The Issuer's direct and indirect exposure to this region is negligible. However, a possible escalation of the conflict in the Middle East could lead to higher oil and gas prices, the imposition of sanctions, travel and import/export restrictions, increased inflationary pressures and market volatility as well as a greater risk aversion among investors. Increased inflationary pressures may also be fueled by rising freight rates (difficulties in carrying goods through the Red Sea). Elevated risk aversion among investors could also cause the PLN to depreciate against the euro, exacerbating negative effects on inflation.

The impact of wars or conflicts and associated sanctions on global markets, worsening macroeconomic conditions and other potential future geopolitical tensions and consequences of such tensions remains uncertain and may exacerbate the Group's operational risks.

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

Global economic conditions affect 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, macroeconomic conditions in Poland and Poland's principal trading partners, such as Germany and other EU countries.

According to the International Monetary Fund (*Source: World Economic Outlook Update, July 2024*), economic growth in major advanced economies is becoming more aligned as output gaps are closing. In the United States, increasing signs of economic cooling are observed. Meanwhile, in the euro area, economic growth is increasing. Asia's emerging market economies remain the main engine for the global economy. Growth in India and China accounts for almost half of global economic growth. Yet, prospects for the next five years in these countries remain weaker. In some advanced economies, especially the United States, progress on disinflation has slowed down. This could force central banks, including the US Federal Reserve, to keep borrowing costs higher for even longer, which would put overall economic growth at risk, with increased upward pressure on the dollar and harmful spillovers to emerging and developing economies.

Downside risks for economic growth include the re-escalation of Russia-Ukraine war generating additional supply shocks that are adverse to the global economic recovery and an escalation of the conflict in the Middle East. Spillover risks from the Russia-Ukraine war and the Israel-Hamas conflict could curb global economic growth by pushing up oil prices and freight shipping costs. The separation of the world economy into categories (countries aligned with the United States, those aligned with China, and non-aligned states) amid geopolitical tensions could accelerate and lead to more restrictions on trade and cross-border movements of capital, technology and workers.

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. Germany faces a combination of cyclical and structural headwinds, including among others labour shortages, elevated energy expenses and a burdensome regulatory and tax environment.

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

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

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

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

The economic activity in Poland in 2021-2022 was affected by the COVID-19 pandemic and government actions taken to mitigate the negative effects of the COVID-19 pandemic. The most important factor affecting the economic environment in Poland in 2022, was the Russia-Ukraine war, which led to a disruption of supply chains, economic uncertainty, a significant increase in inflation and monetary tightening. Although inflation has slowed significantly since February 2023, when it reached a record high

(18.4 per cent.), it is the NBP forecasts that it will remain above the NBP's inflation target by the end of 2024 (*Source: NBP, "Inflation and GDP projection – July 2023"*).

A potential deterioration of the economic environment in Poland could have a detrimental effect on the Group's operations. Higher unemployment and lower consumption, as well as fluctuations in the financial markets (including the currency market), may adversely affect the financial condition of the Group's customers, which could, in turn, impair the quality and volume of the Group's loans and advances and other financial assets. 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.

Significant fluctuations or a decline in financial markets may discourage potential customers from buying investment products offered by the Group and current holders may withdraw or reduce their exposure to such products, which may have an adverse effect, in particular, on the Group's fee and commission income.

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

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

Regulations governing the banking and financial services industries in Poland and internationally have been increasing in recent years. In particular, 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 (or internal policies and procedures) 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 or access capital.

The occurrence of any of the above-mentioned factors, as well as any discrepancy between international regulations, may affect the Group's strategy, its growth potential, its fees and commissions and profit margins and a failure by the Issuer or other Group entities to satisfy regulatory requirements may expose the Issuer or other Group entities to sanctions, fines and other penalties which, in each case, could have a material adverse effect on its business, financial condition and results of operations.

The Issuer 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 Issuer, or of a threat of breach, with respect to capital adequacy ratios and other ratios and requirements (e.g. liquidity coverage ratio ("**LCR**") and net stable funding ratio ("**NSFR**")), or significant deterioration of the financial situation of the Issuer, including the occurrence of a balance sheet loss or a threat thereof, a threat of insolvency or liquidity loss, increases in the Issuer's leverage ratio, the number of its non-performing loans or the concentration of exposure, the Issuer's Management Board shall forthwith notify the KNF and the BGF, and shall ensure the implementation of a recovery plan.

The KNF may undertake supervisory measures with respect to the Issuer, in particular, it may require that a recovery plan is implemented or actions set out in the recovery plan are taken, prohibit or restrict the granting of loans and cash advances to shareholders and members of the Management Board, Supervisory Board and employees, order the reduction or withholding of certain variable components of executive remuneration, request the Issuer's Management Board to summon an extraordinary general meeting to consider the deteriorating financial situation of the Issuer or adopt specific resolutions, including increasing own funds, request the Issuer to dismiss one or more members of the Management Board or persons holding managerial positions, require that a plan for the restructuring of liabilities is adopted and implemented for some or all creditors, request the Issuer to amend its business strategy, bylaws or organisational structure, request the Management Board to provide an analysis of the causes of the deteriorating financial situation and a forecast of the Issuer's financial situation and a timetable for measures to improve the Issuer's financial situation. The KNF may also appoint a trustee to supervise the implementation of the recovery plan.

If the implementation of the recovery plan proves insufficient to remedy the deterioration in the Issuer's financial situation or in order to ensure the effectiveness of the recovery plan under implementation, the KNF may decide to appoint an administrator of the Issuer. Upon the appointment of an administrator, the Supervisory Board is suspended, while the members of the Management Board of the Issuer are dismissed by operation of law.

The above measures, if taken by the KNF, may have a significant impact on the operations of the Issuer and may hamper the realisation of its business strategy.

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

Pursuant to the provisions of the BGF Act, the Issuer 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 each bank.

The total amount of contributions to the mandatory Deposit Guarantee Fund for a given calendar year due quarterly from banks and branches of foreign banks is determined by the BGF, taking into account, inter alia, the current balance of funds in the Deposit Guarantee Fund and the planned path to reach the target level. On 26 October 2022, the Council of the BGF adopted the resolution which lowered the target level of the Deposit Guarantee Fund from 2.6 per cent. to 1.6 per cent. of covered deposits. The basis for the calculation of contributions to the Deposit Guarantee Fund for a given quarter is the value of the covered deposits at a bank at the end of the quarter immediately preceding the quarter to which the contribution relates. The BGF Council decided not to collect contributions to the Deposit Guarantee Fund in 2023 and 2024, as the funds gathered by the Deposit Guarantee Fund exceeded the target of 1.6 per cent. of covered deposits. The BGF may resume collecting contributions to the Deposit Guarantee Fund from 2025.

The obligation to pay the contribution to the Resolution Fund is on the first day of the third quarter of each calendar year; however, the contribution is booked in the first quarter. The basis for calculating contributions is the sum of a bank's liabilities (net of own funds and covered deposits) as at the last approved annual financial statements before 31 December of the year preceding the year of contribution. When determining the amount of the contribution, the institution's risk profile is taken into account by assessing the risk in the areas of risk exposure, stability and diversification of funding sources, the importance of the institution for the stability of the financial system or the economy and additional indicators determined at the national level.

For the year ended 31 December 2023, the value of the Group's BGF contribution to the Resolution Fund amounted to PLN 181.8 million, compared with PLN 247.4 million in 2022. In the first half of 2024, the Group booked the BGF contribution to the Resolution Fund in the amount of PLN 146.8 million.

Due to the relatively large scale of the Issuer's operations, if a member of the mandatory guarantee system was to declare bankruptcy, the Issuer 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 ("**BSF**") 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 BSF which amounted to PLN 52.1 million in 2015. Under the Crowdfunding Act, Polish lenders were required to make additional contributions to the BSF in the total amount of PLN 1.4 billion by 31 December 2022. In 2022, the Group recognised a contribution to the BSF in the amount of PLN 170.9 million.

The amended Act of 9 October 2015 on support for borrowers in financial difficulties adopted in April 2024 implemented changes in the rules of the BSF. The conditions of the BSF were eased by lowering the "Debt Service-To-Income ratio" (the ratio of the borrower's expenses related to servicing the monthly instalment of the housing loan to the borrower's monthly household income) to 40 per cent. from 50 per cent. The period during which support can be provided was extended from 36 to 40 months and the value of maximum monthly support will be increased from PLN 2,000 to PLN 3,000. Moreover, the repayment period of the support or loan was extended from 144 instalments to 200 instalments. In the opinion of the Polish Bank Association, wider access to the BSF may result in the need for additional payments to the Fund.

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

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

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

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

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

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

The KNF or other authorities may identify issues during inspections of the Group, which, if not adequately resolved, may result in sanctions or fines.

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

On 22 November 2023, the KNF started administrative proceedings against the Issuer, that might result in a penalty being imposed on the Issuer under Article 176i(1)(4) of the Act on trading in financial instruments. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.

mFinanse S.A. ("m**Finanse**"), a subsidiary of the Issuer, was inspected by the Social Insurance Institution ("**ZUS**") in the period from 16 May 2022 to 2 March 2023. The subject of the inspection was the correctness and reliability of mFinanse's calculation of social insurance contributions and other contributions that ZUS is obliged to collect, as well as reporting for social insurance and health insurance for the years 2018 to 2021. mFinanse is in dispute with the ZUS regarding the interpretation of the application of social security regulation in the area of the cooperation model involving the simultaneous employment of intermediaries on a part-time basis and a civil law contract. At the end of June 2024, there were 168 cases at the court stage in the area of the cooperation model used by the company. In connection with the above issue, as of 30 June 2024, the provisions related to this case created by the Group amounted to PLN 82.5 million.

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

In the future, if any irregularities are found by the Group's supervisory authorities and the Issuer fails to remedy them (provided that an opportunity to do so is given) the Issuer may be exposed to sanctions, fines and other penalties as prescribed by applicable law. This could affect the business, financial condition, reputation and results of operations of the Group.

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

The Act of 15 January 2016 on Tax Imposed on Certain Financial Institutions (the "**2016 Tax Act**") imposed tax on the assets of financial institutions, including assets of banks (the "**Banking Tax**"). The tax base is the excess of the total value of the assets of a bank as at the last day of the month over a tax-free amount of PLN 4 billion. Own funds and Treasury bonds are excluded from the tax base.

The tax rate, which is charged monthly, is currently set at 0.0366 per cent., but there is no guarantee that it will not be raised in the future or that additional taxes will not be levied on the Issuer. Since it was introduced, the Banking Tax had material negative impact on net profit generated by the Group. The amount of the Banking Tax of the Group for the last three fiscal years amounted to: PLN 608.6 million in 2021, PLN 684.2 million in 2022 and PLN 743.6 million in 2023.

The Banking Tax is not a tax-deductible cost for corporate income tax purposes. Therefore, it significantly increases the effective tax rate for the Group. The Polish Bank Association (ZBP) proposed that instead of calculating the tax based on assets, it should be calculated based on the banks' liabilities. The Polish Minister of Finance does not rule out the possibility of talks with banks about changing the tax base, provided that budget revenues are not lower than under the current tax base.

In 2022, certain European politicians proposed imposing a windfall tax on excess profits generated as a result of circumstances or events beyond the companies' control. Such windfall taxes were imposed on various sectors in Hungary, Czech Republic, Spain and Italy in July 2022, November 2022, December 2022 and August 2023, respectively.

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

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

The Issuer 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 judgements 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 Issuer 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 Issuer 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. The Issuer cannot guarantee that the Polish tax authorities will not take a different, unfavourable view of the interpretation of tax provisions implemented by the Issuer or any Group member, which may have an adverse effect on the business, financial condition and results of operations of the Group.

There is a risk that, with the introduction of new regulations, the Group will have to undertake compliance measures, which may result in significant costs and expenses associated with non-compliance. The changing interpretations of tax regulations followed by various tax authorities, the long limitation periods for tax liabilities and the relatively high penalties and other sanctions for non-compliance may result in significant tax risks for the Group.

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

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

The impact of competition and anti-monopoly legislation.

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

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

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

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

As at the date of this Base Prospectus, the Issuer's principal shareholder, Commerzbank, held 29,352,897 shares, representing 69.1 per cent. of the Issuer's share capital, which gave Commerzbank the right to exercise 69.1 per cent. of the total number of votes at any General Shareholders' Meeting.

Commerzbank is able to exercise corporate control over the Issuer due to its share in the capital of the Issuer 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 Issuer, decrease of the Issuer'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 Issuer'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 shareholders are not required to support the Issuer.

The Issuer has historically benefited from Commerzbank's support in different areas. However, Commerzbank's past efforts do not necessarily mean that Commerzbank will be obliged to provide support and finance to the Group in any case in the future, in particular to subscribe for newly issued shares in any future equity offering or ensure debt financing for the Group.

Commerzbank has undertaken to the KNF that it will provide the Issuer and mBH with sufficient liquidity and capital to enable them to meet their financial obligations at all times, as stated in Commerzbank group's 2023 Annual Report. However, the conditions for this commitment have not been specified. In addition, the above commitment would expire in the event of a potential loss of control over the Issuer by Commerzbank.

Moreover, the potential loss of control over the Issuer by Commerzbank in the future may lead to negative consequences resulting from the agreements on the basis of which the Group obtained debt financing, in particular the potential necessity to repay such debt financing earlier.

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

RISKS RELATED TO NOTES AND INVESTMENT IN NOTES

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

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

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

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

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

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

Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing market rates.

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

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

Risks relating to Reset Notes.

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

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

Changes to Benchmarks.

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

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

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

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

Floating Rate Notes which specify Screen Rate Determination in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) as the manner in which the Rate of Interest is to be determined; in particular (but without limitation) may be impacted if (i) a benchmark could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or registration or, if based in a non-EU jurisdiction or non-UK jurisdiction, the administrator is not recognised as equivalent or recognised or endorsed and the transitional provisions do not apply; and/or (ii) if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation or the UK Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark. In addition, either of the above examples could potentially lead to the Floating Rate Notes being de-listed, adjusted or redeemed early or otherwise impacted, depending on the particular benchmark and the applicable terms of the Floating Rate Notes, or have other adverse effects or unforeseen consequences.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

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

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

Benchmark Discontinuation.

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

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

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

The Conditions in respect of Floating Rate Notes and Reset Notes provide for certain fallback arrangements in the event that an Original Reference Rate (as defined in the Conditions) and/or any page on which an

Original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event or a Benchmark Transition Event, as applicable (each as defined in the Conditions) otherwise occurs. Such fallback arrangements include the possibility that the rate of interest or other amounts payable under the Notes could be set by reference to a Successor Rate or an Alternative Rate or a Benchmark Replacement, as applicable (each as defined in the Conditions) determined, in the case of a Successor Rate or an Alternative Rate by an Independent Adviser (as defined in the Conditions) acting in good faith and in a commercially reasonable manner as described more fully in the Conditions. If a Successor Rate or an Alternative Rate (as the case may be) is so determined, an Adjustment Spread (as defined in the Conditions) shall also be determined by the relevant Independent Adviser in accordance with the Conditions, and amendments to the Conditions may be made by the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner and following consultation with the Issuer) to follow market practice in relation to the Successor Rate or Alternative Rate (as applicable) or to ensure the proper operation of the Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread. Where a Benchmark Replacement replaces the then-current Benchmark (as defined in the Conditions) a Benchmark Replacement Adjustment as defined in the Conditions shall be determined by the Issuer or its designee to apply to the Benchmark Replacement. An Adjustment Spread or Benchmark Replacement Adjustment could be positive, negative or zero. Investors should note that the relevant Independent Adviser or the Issuer or its designee, as the case may be, will have discretion to determine the applicable Adjustment Spread or Benchmark Replacement Adjustment in the circumstances described in the Conditions, and, in any event, an Adjustment Spread or Benchmark Replacement Adjustment, as applicable may not be effective in reducing or eliminating any economic prejudice or benefit to investors arising out of the replacement of the relevant Original Reference Rate or Benchmark, as applicable with the Successor Rate or the Alternative Rate or the Benchmark Replacement, as applicable, (as the case may be).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Publication of SONIA and SOFR began in April 2018 and the rates therefore have a limited history. The future performance of SONIA and SOFR may therefore be difficult to predict based on the limited historical performance. The levels of SONIA and SOFR during the term of the Notes may bear little or no relation to the historical levels of SONIA and SOFR. Prior observed patterns, if any, in the behaviour of market variables and their relation to SONIA and SOFR, such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, the interest on Notes which reference SOFR or SONIA is only capable of being determined at the end of the relevant Observation Period or Interest Period (as applicable) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference SOFR or SONIA to estimate reliably the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes.

Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking rates become due and payable as a result of an Event of Default under Condition 10 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

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

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

6. Risks related to Notes generally

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

The Noteholders are subject to the risk that such Notes may be required to absorb losses as a result of statutory powers conferred on the Relevant Resolution Authority.

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

In addition, the powers granted to the Relevant Resolution Authority under the BRRD include the following resolution tools: (i) to direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) to transfer all or part of the business of the relevant financial institution to a "bridge bank" (a publicly controlled entity) and (iii) to transfer the assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. The BRRD also grants powers to enable the Relevant Resolution Authority to implement the resolution tools, including the power to replace or substitute the relevant financial institution as obligor in respect of debt instruments, the power to modify the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or the power to discontinue the listing and admission to trading of financial instruments. Any application of the "bail-in" power shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on Noteholders will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

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

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

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

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

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

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

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Poland or any political subdivision or any authority thereof or therein having power to tax (a "**Tax Jurisdiction**"), the Issuer may, at its option, redeem all outstanding Notes in whole, but not in part, in accordance with the Conditions. The Notes may be also redeemed for taxation reasons if: (i) the Issuer would not be entitled to claim a deduction in computing taxation liabilities in any Tax Jurisdiction in respect of any payment of interest to be made on the Notes on the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced; or (ii) if the applicable tax treatment of the Notes is materially affected. In each case, the Issuer may only redeem such Notes if such: (i) additional payment or inability to claim a tax deduction (as applicable) occurs or the applicable tax treatment of the Notes is materially affected as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and (ii) in the case of MREL Senior Notes, Senior Non-Preferred Notes and Subordinated Notes only if so permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force and subject to the prior consent of the Competent Authority if and as applicable (if such permission is required), as further described in Condition 7.2 (*Redemption for tax reasons*).

Furthermore, if a Capital Disqualification Event occurs as a result of a change (or any pending change which the Competent Authority considers sufficiently certain) in Polish law or law of any other relevant jurisdiction, Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, the Issuer may redeem all, and not some only, of any Series of the Tier 2 Subordinated Notes subject to such redemption being permitted by the Applicable Banking Regulations then in force and subject to the prior consent of the Competent Authority if and as applicable (if such permission is required), as further described in Condition 7.3 (*Early Redemption due to Capital Disqualification Event*).

If a MREL Disqualification Event occurs as a result of a change (or any pending change which the competent authority considers sufficiently certain) in Polish law, law of any other relevant jurisdiction or Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force, and subject to the prior consent of the Competent Authority if and as applicable (if such permission is required), as further described in Condition 7.4 (*Early Redemption due to MREL Disqualification Event*).

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

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

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank *pari passu* without any preference among themselves and at least *pari passu* with all present and future, direct, unconditional, unsecured and subordinated obligations of the Issuer outstanding from time to time, save for certain obligations required to be preferred by Polish law. In the event of a bankruptcy, insolvency, liquidation, dissolution or winding up of the Issuer or in the event of a resolution in respect of the Issuer, and to the extent permitted by Polish law, the rights of a holder of such Subordinated Notes shall be subordinated in right of payment only to claims against the Issuer of all unsubordinated creditors of the Issuer, as described in Condition 2 (*Status of the Notes*).

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

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

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

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

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

The Conditions (other than Ordinary Senior Notes) provide that there is no set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note against any right, claim, or liability the Issuer has or may have or acquire against any Noteholder, directly or indirectly howsoever arising. As a result, Holders of any Notes (other than Ordinary Senior Notes) would not at any time be entitled to set off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

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

To the extent that Condition 11 (*Substitution and Variation*) is specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) as being applicable to the Notes provisions relating to the substitution or variation of the Notes, in certain circumstances, such as if a Capital Disqualification Event, an MREL Disqualification Event or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 7.2 (*Redemption for tax reasons*) occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, to ensure that such substituted or varied Notes continue to qualify as Tier 2 Subordinated Notes or towards the Issuer's MREL Requirements as applicable.

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

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

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

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

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

The Conditions are based on applicable law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law, Polish law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

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

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

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

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

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "social" or "sustainable" or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable" or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. Accordingly, no assurance is or can be given by the Issuer, the Group or any of the Dealers to investors that any projects or uses the subject of, or related to, any Green Assets will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Assets.

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

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

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

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

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

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

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

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

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

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

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

7. Risks related to suspension, interruption or termination of trading in the Notes

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

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

Notes issued under the Programme may be represented by one or more global Notes. Such global Notes will be deposited with a common depositary 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 an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. In the event a rating assigned to the Notes and/or the Issuer is lowered for any reason, the market value of the Notes may be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes.

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

1. the condensed interim consolidated financial statements of the Group for the six months ended 30 June 2024 (the "**H1 2024 Consolidated Financial Statements**"), which constitute a free translation from the Polish version into the English language and can be viewed online at: https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/wyniki-finansowe/2024/consolidated-financial-report-of-mbank-sa-group-for-h1-2024.pdf:

   (a) condensed consolidated income statement (page 7);

   (b) condensed consolidated statement of comprehensive income (page 8);

   (c) condensed consolidated statement of financial position (page 9);

   (d) condensed consolidated statement of changes in equity (page 10);

   (e) condensed consolidated statement of cash flows (page 11); and

   (f) explanatory notes to the consolidated financial statements and selected explanatory information (pages 12 to 77 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 this Base Prospectus;

2. the independent registered auditor's report on the review of the H1 2024 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/msp-korporacje/relacje-inwestorskie/wyniki-finansowe/2024/auditors-report-mbank-sa-group-h1-2024.pdf;

3. the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the "**2023 Consolidated Financial Statements**"), included in the consolidated annual report of the Group for the year ended 31 December 2023, 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/2023/mbank-group-consolidated-ifrs-financial-statements-2023.pdf:

   (a) consolidated income statement (page 5);

   (b) consolidated statement of comprehensive income (page 6);

   (c) consolidated statement of financial position (page 7);

   (d) consolidated statement of changes in equity (page 8);

   (e) consolidated statement of cash flows (page 9); and

   (f) explanatory notes to the consolidated financial statements (pages 10 to 166 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 independent registered auditor's report on the audit of the 2023 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/msp-korporacje/relacje-inwestorskie/wyniki-finansowe/2023/mbank-independent-auditor-report-consolidated-2023.pdf;

5. the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the "**2022 Consolidated Financial Statements**"), included in the consolidated annual report of the Group for the year ended 31 December 2022, which constitute a free translation from the Polish version into the English language and can be viewed online at: https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/wyniki-finansowe/2022/mbank-group-consolidated-ifrs-financial-statements-2022.pdf:

   (a) consolidated income statement (page 5);

   (b) consolidated statement of comprehensive income (page 6);

   (c) consolidated statement of financial position (page 7);

   (d) consolidated statement of changes in equity (page 8);

   (e) consolidated statement of cash flows (page 9); and

   (f) explanatory notes to the consolidated financial statements (pages 10 to 173 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 independent registered auditor's report on the audit of the 2022 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/msp-korporacje/relacje-inwestorskie/wyniki-finansowe/2022/mbank-independent-auditor-report-consolidated-2022.pdf;

7. the "Terms and Conditions of the Notes" set out on pages 98 to 153 inclusive of the base prospectus relating to the Programme dated 28 November 2022 (the "**2022 Conditions**") which can be viewed online at: https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/mbank-emtn-u22-base-prospectus-final.pdf;

8. the "Terms and Conditions of the Notes" set out on pages 96 to 146 inclusive of the base prospectus relating to the Programme dated 25 August 2021 (the "**2021 Conditions**") which can be viewed online at: https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/base-prospectus-25-august-2021-euro-medium-term-note-programme.pdf; and

9. 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**") which can be viewed online at: https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/ratingi-instrumenty-dluzne/prospekt-emisyjny-z-28-marca-2019-emtn.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. 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.luxse.com).

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.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The financial information relating to the Group included in this Base Prospectus is consolidated information in respect of the Group and has, unless otherwise indicated, been extracted from (i) the 2023 Consolidated Financial Statements, (ii) 2022 Consolidated Financial Statements and (iii) the H1 2024 Condensed Consolidated Financial Statements (together, the "**Financial Statements**"). Further, unless otherwise indicated, (i) information as of and for the financial year ended 31 December 2022 has been extracted from the 2023 Consolidated Financial Statements and (ii) information as of and for the half year ended 30 June 2023 has been extracted from the H1 2024 Consolidated Financial Statements, in each case, where such information is presented for comparative purposes. The Group publishes its financial statements in PLN. 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 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union. The H1 2024 Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as adopted by the European Union.

Reclassification of certain comparative data

Certain financial information (i) as of 1 January 2022 and 31 December 2022 and for the year ended 31 December 2022 presented in the comparative columns in the 2023 Consolidated Financial Statements and (ii) as of 1 January 2023 and 30 June 2023 and for the first half of 2023 ended 30 June 2023 presented in the comparative columns in the H1 2024 Condensed Consolidated Financial Statements has been restated. For details relating to the restatements and the impact of adjustments applied to this comparative financial information, see Note 2.26 of the 2023 Consolidated Financial Statements and Note 2 of the H1 2024 Condensed Consolidated Financial Statements, which are incorporated by reference in this Base Prospectus.

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.

Alternative performance measures

This Base Prospectus includes certain data which the Issuer considers to constitute alternative performance measures ("**APMs**") for the purposes of the ESMA Guidelines on Alternative Performance Measures.

These APMs are not defined by, or presented in accordance with, IFRS. The APMs are not measurements of the Issuer’s operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of the Issuer’s liquidity.

APM	Definition
Net other operating income	Other operating income less other operating expenses.
Total income......................	Calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. Other income comprises gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).
Total income per employee	Calculated by dividing total income by the average number of Full-time Equivalents ("**FTEs**"). The average number of FTEs is calculated on the basis of FTE as at the beginning of the year and at the end of each quarter.

APM	Definition
ROE gross (Return on equity gross)	Calculated by dividing profit/loss before income tax by the average equity attributable to Owners of the Bank. The average equity is calculated on the basis of the balances as at the end of each month. Profit/loss before income tax is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).
ROE net (Return on equity net)	Calculated by dividing net profit/loss attributable to Owners of the Bank by the average equity attributable to Owners of the Bank. The average equity is calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to the Owners of the Bank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).
ROA net (Return on assets net).....................................	Calculated by dividing net profit/loss attributable to Owners of the Bank by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month. Net profit/loss attributable to Owners of the Bank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).
Cost to income ratio (C/I) .	Calculated by dividing overhead costs and depreciation by total income comprising net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. Other income comprises gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).
Net interest margin (NIM).	Calculated by dividing net interest income by average interest-earning assets. Net interest income excludes gains or losses on modification. 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.

APM	Definition
NPL ratio – corporate portfolio	Calculated by dividing a sum of the gross carrying value of loans and advances to corporate customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to corporate customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to corporate customers excluding reverse repo/ buy/-sell-back transactions.
NPL ratio of mortgage loan portfolio to private individuals in Poland	Calculated by dividing the gross carrying value of mortgage loans to private individuals in Poland with recognised impairment by the total (gross) mortgage loans to private individuals in Poland. The mortgage loan portfolio is measured at amortised cost.
NPL ratio of mortgage loan portfolio in PLN to private individuals in Poland	Calculated by dividing the gross carrying value of mortgage loans in PLN to private individuals in Poland with recognised impairment by the total (gross) mortgage loans in PLN 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 impairment allowances for loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and accumulated impairment allowances for loans and advances to customers mandatorily at fair value through profit or loss in default by a sum of the gross carrying value of loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances mandatorily at fair value through profit or loss in default.
Cost of risk	Calculated by dividing a sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to loans and advances to customers by the average net loans and advances to customers (the sum of loans and advances to customers recognised in: financial assets measured at amortised cost, non-trading financial assets mandatorily measured at fair value through profit or loss and financial assets held for trading). The average net loans and advances are calculated on the basis of the balances as at the beginning of the year and at the end of each quarter. Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to loans and advances to customers are annualised based on the number of quarters in the analysed period (the annualisation ratio is calculated as the quotient of the number of quarters in a year and the number of quarters in the analysed period).
Loan-to-deposit ratio	Calculated by dividing net loans and advances to customers by amounts due to customers. Net loans and advances to customers are calculated as a sum of loans and advances to customers at amortised cost, loans and advances to customers mandatorily at fair value through profit or loss and loans in financial assets held for trading.

APM	Definition
Equity to assets..................	Calculated by dividing total equity by total assets.
Total Capital Ratio (TCR)	Calculated by dividing the own funds (the sum of Tier 1 and Tier 2 capital) by the Total Risk Exposure Amount.
Tier 1 capital ratio	Calculated by dividing the Tier 1 capital by the Total Risk Exposure Amount.

The Issuer believes that the above measures provide useful information to investors for the purposes of evaluating the financial condition and results of operations of the Group, the quality of its assets and the fundamentals of its business.

In particular:

(i) the ratios presented by the Issuer are aimed at quantifying certain aspects of the Issuer's business and its strengths within the context of the Polish banking system; and

(ii) the APMs, 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.

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 depositary for Euroclear and Clearstream, Luxembourg.

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

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

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

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

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10 *(Events of Default))* has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

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

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

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

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

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

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

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 (*Event of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions and payment in full of the amount due has not been made in accordance with the provisions of the Global Note, then the Global Note will become void at 8.00 p.m. (London time) on the day immediately following such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated on or about 13 September 2024 and executed by the Issuer.

FORM OF FINAL TERMS

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

(Option – Include if any stabilisation)

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

(*End of option*)

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

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

[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")]/[MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration

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".

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, and professional clients, as defined in [Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the [European Union (Withdrawal) Act 2018]/[UK MiFIR]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a "**distributor**")]/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.].]

[**Singapore Securities and Futures Act Product Classification** − Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are ["prescribed capital markets products"]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).][2]

[*Date*]

FINAL TERMS

mBank S.A.

Legal entity identifier (LEI): 259400DZXF7UJKK2AY35

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

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

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 13 September 2024 [, as supplemented by the supplement(s) to it dated [•]] (the "**Base Prospectus**") issued in relation to the

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.

€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 (including any supplements thereto) in order to obtain all the relevant information.

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

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

[Terms used herein shall be deemed to be defined as such for the purposes of the [[2022]/[2021]/[2019]] Conditions (the "**Conditions**") incorporated by reference in, and form part of the base prospectus dated 13 September 2024 [, as supplemented by the supplement(s) to it dated [•]] (the "**Base Prospectus**") issued in relation to the €3,000,000,000 Euro Medium Term Note Programme of mBank S.A. which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] [and the supplement(s) to it dated [•]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.]

(End of options A and B)

The Base Prospectus [and copies of the [[2022][2021]/[2019]] Conditions] [is/are] available for viewing at the investor relations section of the Issuer's website, https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/issue-programs.html, and at the offices of the Paying Agents specified in the Base Prospectus. Copies may, upon oral or written request, also be obtained from the Paying Agents.

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

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is specified for individual paragraphs or sub-paragraphs, save in respect of the items in Part B, which may be deleted in accordance with the relevant footnotes. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.]

PART A – CONTRACTUAL TERMS

1.	(a)	Series Number:	[•]
	(b)	Tranche Number:	[•]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*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:	[•]
	(b)	Calculation Amount:	[•] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*)
6.	(a)	Issue Date:	[•]
	(b)	Interest Commencement Date:	[[•]/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
7.	Maturity Date:		[*Fixed rate* – [*specify date*]/*Floating rate* – Interest Payment Date falling in or nearest to [*specify month*]] (*Tier 2 Subordinated Notes will have a maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.*)
8.	Interest Basis:		[[•] per cent. Fixed Rate] [[[•] month [EURIBOR/PRIBOR/ WIBOR/SONIA/SONIA Compounded Index/ SOFR/SOFR Compounded Index] +/- [•] per cent. Floating Rate] [Reset Notes] [Zero Coupon] (see paragraph [14]/[15]/[16]/[17] below)
9.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on the Maturity Date
10.	Change of Interest Basis:		[For the period from (and including) the Interest Commencement Date, up to (but excluding) [*date*] paragraph [14]/[15] applies and for the period from (and including) [*date*] to (but excluding) the Maturity Date, paragraph [14]/[15] applies][Not Applicable]
11.	Put/Call Options:		Issuer Call pursuant to Condition 7.6 (*Redemption at the option of the Issuer (Issuer Call)*) is

		[Applicable/Not Applicable] [See paragraph 18 below] Clean-up Call pursuant to Condition 7.7 (*Redemption at the option of the Issuer (Clean-up Call)*) is [Applicable/Not Applicable] Investor Put pursuant to Condition 7.8 (*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)*
	(i) Status:	[Ordinary Senior Notes/MREL Senior Notes/Senior Non-Preferred Notes]
	(ii) Events of Default:	[Condition 10.1 *(Events of Default relating to Ordinary Senior Notes*) applies / Condition 10.3 (*Events of Default relating to MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes*) applies]
	(b) Subordinated:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Status:	[Senior Subordinated Notes/Tier 2 Subordinated Notes]
13.	Date of [Board] approval for issuance of Notes obtained:	[•] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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

	(a)	Rate(s) of Interest:	[•] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[•] in each year up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form.*)	[•] per Calculation Amount
	(d)	Broken Amount(s): (*Applicable to Notes in definitive form.*)	[[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]]/[Not Applicable]
	(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 sub-paragraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[•][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable] *("Specified Period" and "Specified Interest Payment Dates" are alternatives. A "Specified Period", rather than "Specified Interest Payment Dates", will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable")*
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
	(c)	Additional Business Centre(s):	[•]/[Not Applicable]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[[•] shall be the Calculation Agent]/[Not Applicable] [3]

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

(f)	Screen Rate Determination:		[Applicable/Not Applicable]
	(i)	Reference Rate:	[•][•] [EURIBOR/PRIBOR/ WIBOR/SONIA/ SONIA Compounded Index/ SOFR/ SOFR Compounded Index]
	(ii)	Observation Method:	[Lag/Observation Shift/Not Applicable]
	(iii)	Lag Period:	[5/[•] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]
	(iv)	Observation Shift Period:	[5/[•] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days /Not Applicable] (*NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent*)
	(v)	D:	[360/365/[•]] / [Not Applicable]
	(vi)	Index Determination – SONIA	[Applicable]/[Not Applicable]
		• Relevant Decimal Place:	[•] [5] *(unless otherwise specified in these Final Terms, this will be the fifth decimal place*)
		• Relevant Number of London Banking Days:	[•] [5] (*unless otherwise specified in these Final Terms, the Relevant Number shall be 5*)
	(vii)	Index Determination – SOFR	[Applicable]/[Not Applicable]
		• Relevant Decimal Place:	[•] [5] *(unless otherwise specified in these Final Terms, this will be the fifth decimal place*)
		• Relevant Number of U.S. Government Securities Business Days:	[•] [5] (*unless otherwise specified in these Final Terms, the Relevant Number shall be 5*)

	(viii)	Interest Determination Date(s):	[The first Business Day in the relevant Interest Period]/ *(select where Interest Determination Date has the meaning specified in Condition 5.2(e), Condition 5.2(f), Condition 5.2(g), Condition 5.2(h))* [•] [London Banking Days/U.S. Government Securities Business Days/TARGET Settlement Days] prior to each Interest Payment Date] (*Second Prague business day prior to the start of each Interest Period if PRIBOR, second Warsaw business day prior to the start of each Interest Period if WIBOR, the second day on which T2 is open prior to the start of each Interest Period if EURIBOR)*
	(ix)	Relevant Screen Page:	[•]
	(x)	Relevant Time	[•]
	(xi)	Benchmark Discontinuation:	[Not Applicable / Condition 5.4(a) (*Benchmark Discontinuation – Independent Adviser*) applies/ Condition 5.4(b) (*Benchmark Discontinuation – ARRC*) applies] *If the Reference Rate for the Floating Rate Notes is "SONIA" or "SONIA Compounded Index", Condition 5.4(a)* (*Benchmark Discontinuation – Independent Adviser*) *should be specified as applicable.* *If the Reference Rate for the Floating Rate Notes is "SOFR" or "SOFR Compounded Index" for U.S. Dollars, Condition 5.4(b)* (*Benchmark Discontinuation – ARRC*) *should be specified as applicable.*)
(g)	ISDA Determination:		[Applicable/Not Applicable]
	(i)	ISDA Definitions:	[2006 ISDA Definitions / 2021 ISDA Definitions]
	(ii)	Floating Rate Option:	[•]
	(iii)	Designated Maturity:	[•] (*Designated Maturity will not be relevant where the Floating Rate Option is a risk free rate*)
	(iv)	Reset Date:	[•]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in accordance with the Business Day Convention set out in [(b)] above and as specified in the ISDA Definitions]
	(v)	Compounding:	[Applicable/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
		• Compounding Method:	[Compounding with Lookback: • Lookback: [•] Applicable Business Days]

[Compounding with Observation Period Shift:

- Observation Period Shift: [•] Observation Period Shift Business Days
- Observation Period Shift Additional Business Days: [[•] / Not Applicable]]

[Compounding with Lockout:

- Lockout: [•] Lockout Period Business Days
- Lockout Period Business Days: [[•]/Applicable Business Days]]

(vi) Averaging: [Applicable/Not Applicable]] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)

- Averaging Method: [Averaging with Lookback:

- Lookback: [•] Applicable Business Days]

[Averaging with Observation Period Shift:

- Observation Period Shift: [•] Observation Period Shift Business Days
- Observation Period Shift Additional Business Days: [[•]/Not Applicable]]

[Averaging with Lockout:

- Lockout: [•] Lockout Period Business Days
- Lockout Period Business Days: [[•]/Applicable Business Days]]

(vii) Index Provisions: [Applicable/Not Applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)

- Index Method: Compounded Index Method with Observation Period Shift:

- Observation Period Shift: [•] Observation Period Shift Business Days
- Observation Period Shift Additional Business Days: [[•] / Not Applicable]]

(h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation *(specify for each short or long interest period)*]

(i) Margin(s): [+/-] [•] per cent. per annum

(j) Minimum Rate of Interest: [•] per cent. per annum

	(k)	Maximum Rate of Interest:	[•] per cent. per annum
	(l)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)] (*See Condition 5 for alternatives*)
16.	Zero Coupon Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Accrual Yield:	[•] per cent. per annum
	(b)	Reference Price:	[•]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]
17.	Reset Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Initial Rate of Interest:	[•] per cent. per annum payable in arrear [on each Interest Payment Date] up to (and including) [•]
	(b)	First Margin:	[+/-][•] per cent. per annum
	(c)	Subsequent Margin:	[[+/-][•] per cent. per annum]/[Not Applicable]
	(d)	Interest Payment Date(s):	[•] [and [•]] in each year up to and including the Maturity Date [[in each case,] subject to adjustment in accordance with paragraph 17(p)]
	(e)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[•] per Calculation Amount] / [Not Applicable]
	(f)	Broken Amount(s):	[[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]] / [Not Applicable]
	(g)	First Reset Date:	[•] [subject to adjustment in accordance with paragraph 17(p)]
	(h)	Second Reset Date:	[Not Applicable] / [[•] [subject to adjustment in accordance with paragraph 17(p)]]
	(i)	Subsequent Reset Date(s):	[Not Applicable] / [[•] [and [•]] [subject to adjustment in accordance with paragraph 17(p)]
	(j)	Relevant Screen Page:	[•]
	(k)	Reset Reference Rate:	[Reference Bond Rate / Mid-Swap Rate]
	(l)	Mid-Swap Rate:	[Single Mid-Swap Rate]/[Mean Mid-Swap Rate]/[Not Applicable]
	(m)	Mid-Swap Maturity:	[•]
	(n)	Reference Banks:	[•]
	(o)	Reset Reference Rate Conversion:	[Applicable/Not Applicable]

	(p)	Original Reset Reference Rate Basis:	[•]/[Not Applicable]
	(q)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(r)	Reset Determination Dates:	[[•] in each year / The provisions in the Conditions apply]
	(s)	Reset Determination Time:	[•]
	(t)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
	(u)	Relevant Financial Centre:	[•]
	(v)	Determination Agent:	[•]
	(w)	Mid-Swap Floating Leg Benchmark Rate:	[EURIBOR/PRIBOR/ WIBOR/SONIA/ SONIA Compounded Index/ SOFR/ SOFR Compounded Index]

PROVISIONS RELATING TO REDEMPTION

18.	Notice periods for Condition 7.2:		Minimum period: [30] days Maximum period: [60] days
19.	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[•]
	(b)	Optional Redemption Amount:	[•] per Calculation Amount
	(c)	Notice periods:	Minimum period: [15] days Maximum period: [30] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
20.	Clean-up Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Clean-up Call Minimum Percentage:	[As per Condition 7.7/*specify*]
	(b)	Clean-up Call Option Amount:	[•] per Calculation Amount
	(c)	Notice Periods:	Minimum period: [•] days Maximum period: [•] 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.)
	(d)	Clean-up Call Effective Date:	[•] (*Only applicable to Tier 2 Subordinated Notes*)
21.	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*)
22.	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]
23.	MREL Disqualification Event		[Applicable/Not Applicable]
	(a)	Optional Redemption Amount (MREL Disqualification Event):	[[•] per Calculation Amount / Not Applicable]
24.	Final Redemption Amount:		[Par], [[•] per Calculation Amount]
25.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:		[•] per Calculation Amount/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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

		[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
	(b) New Global Note:	[Yes][No]
27.	Additional Financial Centre(s):	[Not Applicable/[•]] (*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*)
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.	Waiver of Set-Off:	[Applicable]/[Not Applicable]
30.	Substitution and Variation:	[Applicable]/[Not Applicable]

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

By:	By: ....
Duly authorised	*Duly authorised*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

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

2. RATINGS

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

[Not Applicable]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[*Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]

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

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business./[•]./Not Applicable.]]

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

(i)	Reasons for the offer:	[The net proceeds of the issue of the Notes will be used by the Bank for general corporate purposes.]/ [An amount equivalent to the net proceeds of an issue of the Notes (being Green Bonds) will be used in accordance with the Group's Green Bond Framework (as defined and further described in the section of the Base Prospectus entitled "Green Bond Framework")]/ [•] *(If reasons for offer different from what is disclosed in "Use of Proceeds" in the Base Prospectus, give detail)*
(ii)	Estimated net proceeds:	[•] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)
(iii)	Estimated total expenses:	[•]/[Not Applicable]. *(If applicable, include breakdown of expenses)*
(iv)	Green Bond	[Yes/Not Applicable]

(A)	Second Party Opinion Provider:	[Sustainalytics B.V.]/[•]
(B)	Date of Second Party Opinion:	[2 September 2024]/[•]

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

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

6. **OPERATIONAL INFORMATION**

(i)	ISIN:	[•]
(ii)	Common Code:	[•]
(iii)	CFI:	[[•], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable/[*other*]].
(iv)	FISN:	[[•], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable//[*other*]]. (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*).
(v)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s), address(es) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[•]/[Not Applicable]
(viii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible

collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	
	• Names of Managers:	[Not Applicable/*give names*]
	• Date of [Subscription] Agreement:	[•]
	• Stabilisation Manager(s) (if any):	[Not Applicable/[*give names*]]
(iii)	If non-syndicated, name of Dealer:	[Not Applicable/[*give name*]]
(iv)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]]
(v)	Prohibition of sales to EEA Retail Investors:	[Applicable]/[Not Applicable] (*If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
(vi)	Prohibition of sales to UK Retail Investors:	[Applicable]/[Not Applicable] *(If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

8. [**THIRD PARTY INFORMATION**]

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

PRO FORMA PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.

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

(Option – Include if any stabilisation)

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

(End of option)

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97/the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA ("**UK MiFIR**"); or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.][4]

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

[**UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in [Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the [European Union (Withdrawal) Act 2018]/[UK MiFIR**]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a "**distributor**")]/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.].]

[**Singapore Securities and Futures Act Product Classification** − Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are ["prescribed capital markets products"]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).][5]

[*Date*]

PRICING SUPPLEMENT

mBank S.A.

Legal entity identifier (LEI): 259400DZXF7UJKK2AY35

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

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

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

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

(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 13 September 2024 [, as supplemented by the supplement(s) to it dated [•]] (the "**Base Prospectus**") issued in relation to the €3,000,000,000 Euro Medium Term Note Programme of mBank S.A. which [together] constitute[s] a base prospectus.]

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

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

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

[Terms used herein shall be deemed to be defined as such for the purposes of the [[2022][2021]/[2019]] Conditions (the "**Conditions**") incorporated by reference in, and form part of the base prospectus dated 13 September 2024 [, as supplemented by the supplement(s) to it dated [•]] (the "**Base Prospectus**") issued in relation to the €3,000,000,000 Euro Medium Term Note Programme of mBank S.A. which [together] constitute[s] a base prospectus. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] [and the supplement(s) to it dated [•]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus.]

(End of options A and B)

The Base Prospectus [and copies of the [[2022][2021]/[2019]] Conditions] [is/are] available for viewing at the investor relations section of the Issuer's website, https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/issue-programs.html, and at the offices of the Paying Agents specified in the Base Prospectus. Copies may, upon oral or written request, also be obtained from the Paying Agents.

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

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is specified for individual paragraphs or sub-paragraphs, save in respect of the items in Part B, which may be deleted in accordance with the relevant footnotes. Italics denote guidance for completing the Pricing Supplement.]

PART A – CONTRACTUAL TERMS

1.	(a)	Series Number:	[•]
	(b)	Tranche Number:	[•]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*provide issue amount/ISIN/maturity date/issue date of earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [*date*]][Not Applicable]

2.	Specified Currency or Currencies:		[•]
3.	Aggregate Nominal Amount:		
	(a)	Series:	[•]
	(b)	Tranche:	[•]
4.	Issue Price:		[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] *(if applicable)*]
5.	(a)	Specified Denominations:	[•] (*Senior Non-Preferred Notes must have a minimum denomination of PLN 400,000 (or equivalent)*)
	(b)	Calculation Amount:	[•] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*)
6.	(a)	Issue Date:	[•]
	(b)	Interest Commencement Date:	[[•]/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
7.	Maturity Date:		[*Fixed rate* – [*specify date*]/ *Floating rate* – Interest Payment Date falling in or nearest to [*specify month*]] (*Tier 2 Subordinated Notes will have a maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.*)
8.	Interest Basis:		[[•] per cent. Fixed Rate] [[[•] month [EURIBOR/ PRIBOR/ WIBOR/SONIA/SONIA Compounded Index/SOFR/SOFR Compounded Index] +/- [•] per cent. Floating Rate] [Reset Notes] [Zero Coupon] [*specify other*] (see paragraph [14]/[15]/[16]/[17]/[•] below)
9.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on [the Maturity Date]/[•]
10.	Change of Interest Basis:		[For the period from (and including) the Interest Commencement Date, up to (but excluding) [*date*] paragraph [14]/[15] applies and for the period from (and including) [*date*] to (but

		excluding) the Maturity Date, paragraph [14]/[15] applies] [Not Applicable]
11.	Put/Call Options:	Issuer Call pursuant to Condition 7.6 (*Redemption at the option of the Issuer (Issuer Call)*) is [Applicable/Not Applicable] [See paragraph 18 below] Clean-up Call pursuant to Condition 7.7 (*Redemption at the option of the Issuer (Clean-up Call)*) is [Applicable/Not Applicable] Investor Put pursuant to Condition 7.8 (*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)*
	(i) Status:	[Ordinary Senior Notes/MREL Senior Notes/Senior Non-Preferred Notes]
	(ii) Events of Default:	[Condition 10.1 *(Events of Default relating to Ordinary Senior Notes*) applies / Condition 10.3 (*Events of Default relating to MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes*) applies]
	(b) Subordinated:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Status:	[Senior Subordinated Notes/Tier 2 Subordinated Notes]
13.	Date of [Board] approval for issuance of Notes obtained:	[•] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(a)	Rate(s) of Interest:	[•] per cent. per annum payable in arrear on each Interest Payment Date
(b)	Interest Payment Date(s):	[•] in each year up to and including the Maturity Date
(c)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form.*)	[•] per Calculation Amount
(d)	Broken Amount(s): (*Applicable to Notes in definitive form.*)	[[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]]/[Not Applicable]
(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 sub-paragraphs of this paragraph*)
(a)	Specified Period(s)/Specified Interest Payment Dates:	[•][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable] *("Specified Period" and "Specified Interest Payment Dates" are alternatives. A "Specified Period", rather than "Specified Interest Payment Dates", will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable")*
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
(c)	Additional Business Centre(s):	[•]/[Not Applicable]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[[•] shall be the Calculation Agent]/[Not Applicable][6]

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

(f)	Screen Rate Determination:		[Applicable/Not Applicable]
	(i)	Reference Rate:	[•][•] [EURIBOR/PRIBOR/ WIBOR/SONIA/ SONIA Compounded Index/ SOFR/ SOFR Compounded Index]
	(ii)	Observation Method:	[Lag/Observation Shift/Not Applicable]
	(iii)	Lag Period:	[5/[•] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]
	(iv)	Observation Shift Period:	[5/[•] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days /Not Applicable] (*NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent*)
	(v)	D:	[360/365/[•]] / [Not Applicable]
	(vi)	Index Determination – SONIA	[Applicable]/[Not Applicable]
		• Relevant Decimal Place:	[•] [5] *(unless otherwise specified in this Pricing Supplement, it will be the fifth decimal place*)
		• Relevant Number of London Banking Days:	[•] [5] (*unless otherwise specified in this Pricing Supplement, the Relevant Number shall be 5*)
	(vii)	Index Determination – SOFR	[Applicable]/[Not Applicable]
		• Relevant Decimal Place:	[•] [5] *(unless otherwise specified in this Pricing Supplement, it will be the fifth decimal place*)
		• Relevant Number of U.S. Government Securities Business Days:	[•] [5] (*unless otherwise specified in this Pricing Supplement, the Relevant Number shall be 5*)
	(viii)	Interest Determination Date(s):	[The first Business Day in the relevant Interest Period]/ *(select where Interest Determination Date has the meaning specified in Condition 5.2(e), Condition 5.2(f), Condition 5.2(g), Condition 5.2(h))* [•] [London Banking Days/U.S. Government Securities Business Days/TARGET Settlement Days] prior to each Interest Payment Date] (*Second Prague business day prior to the start of each Interest Period if PRIBOR, second Warsaw business day prior to the start of each Interest Period if WIBOR, the second day on which T2 is open prior to the start of each Interest Period if EURIBOR)*
	(ix)	Relevant Screen Page:	[•]
	(x)	Relevant Time	[•]

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

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

			Day Convention/Preceding Business Day Convention]/[Not Applicable]
	(u)	Relevant Financial Centre:	[•]
	(v)	Determination Agent:	[•]
	(w)	Mid-Swap Floating Leg Benchmark Rate:	[EURIBOR/PRIBOR/WIBOR/SONIA/ SONIA Compounded Index/ SOFR/ SOFR Compounded Index]

PROVISIONS RELATING TO REDEMPTION

18.	Notice periods for Condition 7.2:		Minimum period: [30] days Maximum period: [60] days
19.	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[•]
	(b)	Optional Redemption Amount:	[•] per Calculation Amount
	(c)	Notice periods:	Minimum period: [15] days Maximum period: [30] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
20.	Clean-up Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Clean-up Call Minimum Percentage:	[As per Condition 7.7/*specify*]
	(b)	Clean-up Call Option Amount:	[•] per Calculation Amount
	(c)	Notice Periods:	Minimum period: [•] days Maximum period: [•] 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.*)

	(d)	Clean-up Call Effective Date:	[•] (*Only applicable to Tier 2 Subordinated Notes*)
21.	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*)
22.	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]
23.	MREL Disqualification Event:		[Applicable/Not Applicable]
	(a)	Optional Redemption Amount (MREL Disqualification Event):	[[•] per Calculation Amount/Not Applicable]
24.	Final Redemption Amount:		[Par], [[•] per Calculation Amount]
25.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:		[•] per Calculation Amount/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	Form of Notes:		
	(a)	Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
	(b)	New Global Note:	[Yes][No]
27.	Additional Financial Centre(s):		[Not Applicable/[•]]

		(*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*)
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]

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

By: .... By: ....
Duly authorised *Duly authorised*

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing and Admission to trading:	[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [*specify market – note this should not be a regulated market*] with effect from [•].] [Not Applicable]
(ii)	Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS**

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

[Not Applicable]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[*Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]

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

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business./[•]./Not Applicable.]]

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

(i)	Reasons for the offer:	[The net proceeds of the issue of the Notes will be used by the Bank for general corporate purposes.]/ [An amount equivalent to the net proceeds of an issue of the Notes (being Green Bonds) will be used in accordance with the Group's Green Bond Framework (as defined and further described in the section of the Base Prospectus entitled "Green Bond Framework")]/ [•] *(If reasons for offer different from what is disclosed in "Use of Proceeds" in the Base Prospectus, give detail)*
(ii)	Estimated net proceeds:	[•] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)
(iii)	Estimated total expenses	[•]/[Not Applicable]. *(If applicable: include breakdown of expenses)*
(iv)	Green Bond	[Yes/Not Applicable]
	• Second Party Opinion Provider:	[Sustainalytics B.V.]/[•]
	• Date of Second Party Opinion:	[2 September 2024]/[•]

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

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

6. **OPERATIONAL INFORMATION**

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

		(ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable/other].
(iv)	FISN:	[•], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable/other]. (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*)
(v)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s), address(es) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[•]/[Not Applicable]
(viii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra- day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	
•	Names of Managers:	[Not Applicable/*give names*]
•	Date of [Subscription] Agreement:	[•]

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

TERMS AND CONDITIONS OF THE NOTES

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

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

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

(a) in relation to any Notes represented by a global note (a "**Global Note**"), units of each Specified Denomination (as defined below) in the Specified Currency (as defined below);

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated on or about 13 September 2024 and made between the Issuer and Deutsche Bank Aktiengesellschaft as issuing and principal paying agent (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents). The Agent and the Paying Agents are together referred to as the "**Agents**".

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the "**Conditions**") or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation (an "**Exempt Note**"), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Final Terms**" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to "**applicable Final Terms**" shall be deemed to include a reference to "**applicable Pricing Supplement**" where relevant. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended).

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

The applicable Final Terms will state in particular whether this Note is an Ordinary Senior Note (the "**Ordinary Senior Note**"), an MREL Senior Note (the "**MREL Senior Note**") or a Senior Non-Preferred Note (the "**Senior Non-Preferred Note**", together with the Ordinary Senior Note and the MREL Senior Notes, the "**Senior Notes**") or a Subordinated Note (the "**Subordinated Note**"), which may be, in turn, a

Senior Subordinated Note (the "**Senior Subordinated Note**") or a Tier 2 Subordinated Note (the "**Tier 2 Subordinated Note**"), each as more fully described in Condition 2 (*Status of the Notes*).

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

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

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated on or about 13 September 2024 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary or common safekeeper, as the case may be, for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and by the Agent on behalf of the Noteholders and the Couponholders at its specified office.

Copies of the Agency Agreement and the Deed of Covenant are (i) available for inspection during normal business hours at the specified office of each Agent and (ii) may be provided by email to a Noteholder following their prior written request to any Agent and provision of evidence satisfactory to the relevant Agent as to its holding and identity. 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.luxse.com), save that, if this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

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

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

1. FORM, DENOMINATION AND TITLE

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

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

(c) This Note may be an Ordinary Senior Note, an MREL Senior Note, a Senior Non-Preferred Note, a Senior Subordinated Note or a Tier 2 Subordinated Note, as specified in the applicable Final Terms.

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

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

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

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

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

2. STATUS OF THE NOTES

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

2.1 Status of the Ordinary Senior Notes and MREL Senior Notes

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

(a) in respect of principal:

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

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

(iii) junior to: (A) any liabilities of the Issuer falling into categories 1, 2 and 3(a) to (c) (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (B) any present and future obligations of the Issuer which rank senior to the Senior Higher Priority Liabilities in accordance with the Insolvency Law.

(b) in respect of interest:

(i) *pari passu* among themselves and with any other interest on the Senior Higher Priority Liabilities;

(ii) junior to: (A) obligations in respect of principal on the Senior Higher Priority Liabilities; and (B) any liabilities of the Issuer falling into categories 1 to 3 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (C) any present and future obligations of the Issuer which rank senior to the Senior Higher Priority Liabilities in accordance with the Insolvency Law; but

(iii) senior to: (A) any liabilities of the Issuer falling into categories 4(b) to 10 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law (including but not limited to the Senior Non-Preferred Liabilities); and (B) any other present and future obligations of the Issuer which rank junior to the Senior Higher Priority Liabilities in accordance with the Insolvency Law.

2.2 **Status of the Senior Non-Preferred Notes**

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

(a) *pari passu* among themselves and with any other Senior Non-Preferred Liabilities;

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

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

2.3 **Status of the Subordinated Notes**

(a) The payment obligations of the Issuer under Notes which specify their status as Senior Subordinated Notes or Tier 2 Subordinated Notes in the applicable Final Terms on account of principal constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provision of law upon the insolvency of the Issuer as set out in the Insolvency Law, such payment obligations rank:

(i) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Senior Subordinated Liabilities of the Issuer:

(A) *pari passu* among themselves and with (i) all other claims in respect of Senior Subordinated Liabilities, and (ii) any other subordinated obligations which by law, rank *pari passu* with the Issuer's obligations under the relevant Subordinated Notes;

(B) junior to (i) liabilities of the Issuer falling into categories 1 to 6 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law (including any Senior Higher Priority Liabilities and Senior Non-Preferred Liabilities), and (ii) any other obligations which by law, rank senior to the Issuer's obligations under the relevant Subordinated Notes; and

(C) senior to: (i) any liabilities of the Issuer falling into categories 8 to 10 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (ii) any other obligations of the Issuer which, by law, rank junior to the obligations of the Issuer under the relevant Senior Subordinated Notes; and

(ii) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Tier 2 Subordinated Notes of the Issuer:

(A) *pari passu* among themselves and with any other subordinated obligations which, by law, rank *pari passu* with the Issuer's obligations under the Tier 2 Subordinated Notes;

(B) junior to: (i) any liabilities of the Issuer falling into categories 1 to 7 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; (ii) any other present and future obligations of the Issuer which, in accordance with the Insolvency Law, rank senior to the Tier 2 Subordinated Notes, and (iii) any other obligations which, by law, rank senior to the Issuer's obligations under the Tier 2 Subordinated Notes; and

(C) senior to: (i) any liabilities of the Issuer falling into categories 9 and 10 of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; (ii) any other present or future obligations of the Issuer which, in accordance with the Insolvency Law, rank lower than Tier 2 Subordinated Notes and (iii) any other subordinated obligations of the Issuer which by law, rank junior to the obligations of the Issuer under the Tier 2 Subordinated Notes.

2.4 **No Interest in Insolvency**

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

2.5 **MREL**

(a) To the extent allowed by the Applicable Banking Regulations, the MREL Senior Notes, the Senior Non-Preferred Notes, the Senior Subordinated Notes and the Tier 2 Subordinated Notes may be issued by the Issuer to satisfy the minimum requirements for own funds and eligible liabilities (the "**MREL**"). In such case, the applicable Final Terms shall comply with the requirements set out in the Applicable Banking Regulations.

(b) The rights of holders of the MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes shall be subject to any present or future Polish laws or regulations relating to the recovery and resolution of credit institutions and investment firms in the Republic of Poland which are or will be applicable to such Notes only as a result of the operation of such laws or regulations.

2.6 **Definitions**

In these Conditions:

"**Applicable Banking Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy or resolution then in effect in the Republic of Poland including, without limitation to the generality of the foregoing, the CRD Implementing Measures, the CRD Regulation, BRRD, the Creditor Hierarchy Directive, the BGF Act, the Insolvency Law and those regulations, requirements, guidelines and policies relating to capital adequacy or resolution adopted by the BGF or other Competent Authority from time to time and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer);

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

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

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

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

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

"**CRD Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended or replaced from time to time, including, without limitation, as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019;

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

"**CRR Regulation**" means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time, including, without limitation, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019.

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

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

"**Relevant Resolution Authority**" means the BGF, the Single Resolution Board (SRB) established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any bail-in tool from time to time;

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

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

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

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

3. NEGATIVE PLEDGE

3.1 Negative Pledge

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

3.2 Definitions

In these Conditions:

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

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

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

4. WAIVER OF SET-OFF

In the case of any MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes, no Noteholder shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Notes or Coupons. If, notwithstanding the preceding sentence, any Noteholder receives or recovers any sum or the benefit of any sum in respect of any Note or related Coupon by virtue of any such set-off or counterclaim, it shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding up of the Issuer, to the liquidator of the Issuer.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Noteholder of any Note but for this Condition.

5. INTEREST

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

5.1 Interest on Fixed Rate Notes

(a) This Condition 5.1 applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

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

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

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

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

(i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global; or

(ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

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

(f) In these Conditions:

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

(i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

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

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

5.2 **Interest on Floating Rate Notes**

This Condition 5.2 applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 5.2 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page. In these Conditions, "**Calculation Agent**" means the party responsible for calculating the amount of interest due as specified in the applicable Final Terms or, if not otherwise specified in the applicable Final Terms, the Agent, as applicable.

(a) *Interest Payment Dates*

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

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

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

(ii) Such interest will be payable in respect of each Interest Period. In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

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

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

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than the real time gross settlement system operated by the Eurosystem (or any successor thereto) ("**T2**")) specified in the applicable Final Terms;

(B) if T2 is specified as an Additional Business Centre in the applicable Final Terms, a day on which T2 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 T2 is open.

(b) *Rate of Interest*

The rate of interest payable from time to time in respect of Floating Rate Notes (the "**Rate of Interest**") will be determined in the manner specified in the applicable Final Terms.

(c) *ISDA Determination for Floating Rate Notes*

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

(i) if the applicable Final Terms specify either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms;

(C) the relevant Reset Date, unless otherwise specified in the applicable Final Terms, has the meaning given to it in the ISDA Definitions;

(D) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the rate for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(1) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(2) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

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

Independent Adviser appointed by the Issuer, and such Independent Adviser acting in good faith and in a commercially reasonable manner, determines appropriate;

(E) if the specified Floating Rate Option is an Overnight Floating Rate Option, Compounding is specified to be applicable in the applicable Final Terms and:

(1) if Compounding with Lookback is specified as the Compounding Method in the applicable Final Terms then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days specified in the applicable Final Terms;

(2) if Compounding with Observation Period Shift is specified as the Compounding Method in the applicable Final Terms then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the applicable Final Terms and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the applicable Final Terms; or

(3) if Compounding with Lockout is specified as the Compounding Method in the applicable Final Terms then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days specified in the applicable Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the applicable Final Terms;

(F) if the specified Floating Rate Option is an Overnight Floating Rate Option, Averaging is specified to be applicable in the applicable Final Terms and:

(1) if Averaging with Lookback is specified as the Averaging Method in the applicable Final Terms then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days specified in the applicable Final Terms;

(2) if Averaging with Observation Period Shift is specified as the Averaging Method in the applicable Final Terms then (a) Averaging with Observation Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the applicable Final Terms and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the applicable Final Terms; or

(3) if Averaging with Lockout is specified as the Averaging Method in the applicable Final Terms then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days specified in the applicable Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the applicable Final Terms; and

(G) if the specified Floating Rate Option is an Index Floating Rate Option and Index Provisions are specified to be applicable in the applicable Final

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

(ii) references in the ISDA Definitions to:

(A) "**Confirmation**" shall be references to the applicable Final Terms;

(B) "**Calculation Period**" shall be references to the relevant Interest Period;

(C) "**Termination Date**" shall be references to the Maturity Date; and

(D) "**Effective Date**" shall be references to the Interest Commencement Date;

(iii) if the Final Terms specify "2021 ISDA Definitions" as being applicable:

(A) "Administrator/Benchmark Event" shall be disapplied; and

(B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate";

(iv) Unless otherwise defined capitalised terms used in this Condition 7(d) shall have the meaning ascribed to them in the ISDA Definitions; and

(v) In these Conditions:

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

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

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

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

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

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

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

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

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

(iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date; and

(iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

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

(i) This Condition 5.2(e) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable, Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, and the "Reference Rate" is specified in the applicable Final Terms as being "SONIA".

(ii) Where "SONIA" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the applicable Final Terms) the Margin, all as determined by the Calculation Agent.

(iii) For the purposes of this Condition 5.2(e):

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

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

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

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

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

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

"$\mathbf{d_o}$" means the number of London Banking Days in:

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

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

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

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

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

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

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes are due and payable).

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

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

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

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

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

"$\mathbf{SONIA_i}$" means the SONIA Reference Rate for:

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

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant London Banking Day "i";

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

(iv) If, in respect of any London Banking Day in the relevant Interest Period or Observation Period (as applicable), the Calculation Agent determines that the SONIA Reference Rate is not available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall, subject to Condition 5.4(a) (*Benchmark Discontinuation (Independent Adviser)*), be:

(A) the sum of (a) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; and (b) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(B) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, (a) the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (b) if this is more recent, the latest determined rate under (A).

(v) Subject to Condition 5.4(a) (*Benchmark Discontinuation (Independent Adviser)*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(e), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

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

(i) This Condition 5.2(f) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable, Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, and "Index Determination - SONIA" is specified in the applicable Final Terms as being applicable.

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

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

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

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

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

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

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

"**SONIA Compounded Index $_{\text{End}}$**" means the SONIA Compounded Index value on the End date;

"**SONIA Compounded Index $_{\text{Start}}$**" means the SONIA Compounded Index value on the Start date;

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

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

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

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

(i) This Condition 5.2(g) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable, Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, and the "Reference Rate" is specified in the applicable Final Terms as being "SOFR".

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

(iii) For the purposes of this Condition 5.2(g):

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

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

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

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

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

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

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

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

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

"$\mathbf{d_o}$" is the number of U.S. Government Securities Business Days in:

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

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

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

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

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period,

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

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

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

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

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

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

(i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or

(ii) Subject to Condition 5.4(b) (*Benchmark Discontinuation – ARRC*) below, if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

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

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

"$\mathbf{SOFR_i}$" means the SOFR for:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or

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

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

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

(i) This Condition 5.2(h) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable, Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, and "Index Determination - SOFR" is specified in the applicable Final Terms as being applicable.

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

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

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

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

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

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

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

"**SOFR Compounded Index $_{End}$**" means the SOFR Compounded Index value on the End date;

"**SOFR Compounded Index $_{Start}$**" means the SOFR Compounded Index value on the Start date;

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

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

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

(i) *Interest – Reset Note Provisions*

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

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

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

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

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

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

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

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

(v) If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different Relevant Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Relevant Margin relating to the relevant Reset Period, in place of the Relevant Margin relating to that last preceding Reset Period).

(vi) If Reset Reference Rate Conversion is so specified as being applicable, the First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted from the Original Reset Reference Rate Basis specified in the applicable Final Terms to a basis which matches the per annum frequency of Interest Payment Dates in respect of the relevant Notes (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it).

(vii) If Business Day Convention is specified in the applicable Final Terms, "Floating Rate Convention", "Following Business Day Convention", "Modified Following Business Day Convention" and "Preceding Business Day Convention" shall have the meanings ascribed to them in Condition 5.2(a) (*Interest on Floating Rate Notes – Interest Payment Dates*").

(viii) For the purposes of this Condition 5.2(i):

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

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

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

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

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

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

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

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

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

(i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date, which appears on the Relevant Screen Page; or

(ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date, which appear on the Relevant Screen Page, in either case, as at approximately 11.00 a.m. in the Relevant Financial Centre of the Currency on such Reset Determination Date, all as determined by the Calculation Agent;

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

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

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

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

(i) the arithmetic average (as determined by the Calculation Agent) of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or

(ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average (as determined by the Calculation Agent) of all such quotations;

"**Reference Bond Rate**" means, with respect to any Reset Period, the rate per annum equal to the yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reset Reference Bond, assuming a price for the Reset Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reset Determination Date, as determined by the Calculation Agent, provided that if only one Reference Government Bond Dealer Quotation is received or if no Reference Government Bond Dealer Quotations are received in respect of the determination of the Reference Bond Price, the Rate of Interest shall not be determined by reference to the Reference Bond Rate and the Rate of Interest shall instead be, in the case of the First Reset Rate of Interest, the Initial Rate of Interest and, in the case of any Subsequent Reset Rate of Interest, the Rate of Interest as at the last preceding Reset Date (though substituting, where a different Relevant Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Relevant Margin relating to the relevant Reset Period, in place of the Relevant Margin relating to that last preceding Reset Period);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the

Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

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

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

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

(C) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(l) *Notification of Rate of Interest and Interest Amounts*

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

(m) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained, for the purposes of the provisions of this Condition 5.2, by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Agents*).

5.4 **Benchmark Discontinuation**

(a) *Benchmark Discontinuation – Independent Adviser*

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

(i) The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread (if applicable) and any Benchmark Amendments no later than three business days in the specified office of the Calculation Agent prior to the relevant Interest Determination Date or Reset Determination Date (as applicable) relating to the next succeeding Interest Period or Reset Period (as applicable) for purposes of determining the Rate of Interest (or the relevant component part(s) thereof) applicable to the Notes (subject to the subsequent operation of this Condition 5.4(a)).

(ii) An Independent Adviser appointed pursuant to this Condition 5.4(a) shall act in good faith and in a commercially reasonable manner, and (in the absence of fraud) shall have no liability whatsoever to the Issuer, the Calculation Agent, the Agent or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5.4(a).

(iii) If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in this Condition 5.4(a)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 5.4(a) in the event of a further Benchmark Event affecting the Successor Rate); or

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

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

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

(v) If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 5.4 and the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

(vi) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.4(a) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

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

(viii) Without prejudice to the obligations of the Issuer under Conditions 5.4(a)(i), 5.4(a)(ii), 5.4(a)(iii) and 5.4(a)(iv), the Reference Rate and the fallback provisions provided for in the Conditions above, as the case may be, will continue to apply unless and until (1) a Benchmark Event occurs and an Independent Adviser is appointed and (2) either a Successor Rate or Alternative Rate is determined, and any Adjustment Spread and Benchmark Amendments are determined, in each case pursuant to this Condition 5.4(a).

(ix) As used in these Conditions:

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

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Rate), the Issuer, following consultation with the Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines is customarily applied to the Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) (where neither (i) above nor (ii) applies), the Issuer, following consultation with the Independent Adviser, and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

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

"**Benchmark Event**" means:

(i) the Original Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

(ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified future date, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified future date, be permanently or indefinitely discontinued; or

(iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes, in each case by a specified future date; or

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, such Original Reference Rate is or will, by a specified future date, be no longer representative of its relevant underlying market; or

(vi) it has or will, by a specified future date within the following six months, become unlawful for the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including without limitation, under the EU Benchmarks Regulation or the UK Benchmarks Regulation, if applicable and including because of the withdrawal of the authorisation or registration of the relevant benchmark administrator).

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

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

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

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

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

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

(i) the central bank, reserve bank, monetary authority or any such similar institution for the currency to which the benchmark or screen rate (as applicable) relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

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

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

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

(b) *Benchmark Discontinuation – ARRC*

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

(ii) Notwithstanding the provisions above in this Condition 5, if the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of Noteholders.

(iii) Any determination, decision or election that may be made by the Issuer pursuant to this Condition 5.4(b), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

(A) will be conclusive and binding absent manifest error;

(B) will be made in the sole discretion of the Issuer; and

(C) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

(iv) For the purposes of this Condition 5.4(b):

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

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

(i) the sum of (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;

(ii) the sum of (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or

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

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

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

Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

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

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

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

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

(ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

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

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

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

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

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

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

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

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

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

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

(v) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 5.4(b) will be notified promptly by the Issuer to the Calculation Agent, the Agent and the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

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

(A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, the Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 5.4(b); and

(B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

(c) *Benchmark Discontinuation – Additional Provisions*

(i) This Condition 5.4(c) applies to all Notes where the applicable Final Terms specify Condition 5.4(a) (*Benchmark Discontinuation – Independent Adviser*) or Condition 5.4(b) (*Benchmark Discontinuation – ARRC*) as being applicable.

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

(A) no Successor Rate, Alternative Rate or Adjustment Spread or Benchmark Replacement or Benchmark Replacement Adjustment (as applicable) will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Ordinary Senior Notes, MREL Senior Notes or Senior Non-Preferred Notes or the relevant Series of Senior Subordinated Notes or Tier 2 Subordinated Notes as "eligible liabilities" (or any equivalent or successor term) which are available to count towards the Issuer's and/or the Group's eligible liabilities and/or loss absorbing capacity;

(B) in the case of Ordinary Senior Notes, MREL Senior Notes or Senior Non-Preferred Notes, no Successor Rate, Alternative Rate or Adjustment Spread or Benchmark Replacement or Benchmark Replacement Adjustment (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 5.4(c), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Relevant Regulator treating an Interest Payment Date as the effective maturity date of the Notes; and

(C) in connection with any variation or amendment in accordance with this Condition 5.4(c), the Issuer shall comply with the rules of any stock exchange on which the relevant Notes are for the time being listed or admitted to trading.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

6.2 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

6.3 **Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 6.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the "**United States**" (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Taxation*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

6.4 **Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.5 **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, or Clearstream, Luxembourg, as the case may be, for his or her share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.6 **Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9 (*Prescription*)) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):

  (i) in the case of Notes in definitive form only, in the relevant place of presentation;

  (ii) in each Additional Financial Centre (other than T2) specified in the applicable Final Terms;

  (iii) if T2 is specified as an Additional Financial Centre in the applicable Final Terms, on a day on which T2 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 T2 is open.

6.7 **Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 (*Redemption and Purchase*);

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5 (*Restrictions on early redemption*)); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*).

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

(a) Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount (which shall be at least equal to the Nominal Amount of each Note) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) Senior Non-Preferred Notes will have a maturity as permitted in accordance with Applicable Banking Regulations in force at the relevant time.

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

7.2 Redemption for tax reasons

Subject to Condition 7.6 (*Redemption at the option of the Issuer (Issuer Call)*), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 13 (*Agents*), the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if:

(a) in the case of any Notes which are not Tier 2 Subordinated Notes, as a result of any change in, or amendment to, the laws or regulations of the Republic of Poland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after an agreement is reached to issue the first Tranche of the Notes:

  (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*); and

  (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(b) in the case of Senior Non-Preferred Notes and Senior Subordinated Notes, the Issuer is no longer entitled to claim a deduction in respect of any payments in computing its taxation liabilities or the value of such deduction to the Issuer would be materially reduced or the applicable tax treatment of the Senior Non-Preferred Notes or Senior Subordinated Notes changes; or

(c) in the case of Tier 2 Subordinated Notes, there is a change in the applicable tax treatment of the instruments and the Issuer demonstrates to the satisfaction of the Competent Authority that such change is material and was not reasonably foreseeable at the Issue Date,

provided, however, that no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the applicable Final Terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the applicable Final Terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders: (A) a certificate signed by the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment; and (C) in the case of MREL Senior Notes, Senior Non-Preferred Notes, the Senior Subordinated Notes or the Tier 2 Subordinated Notes, if required under Applicable Banking Regulations, a copy of the Competent Authority's (and in particular, in the case of Senior Non-Preferred Notes and MREL Senior Notes, the Resolution Authority's) consent to the redemption.

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

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

If, in respect of Tier 2 Subordinated Notes only, a Capital Disqualification Event occurs as a result of a change (or any pending change which the Competent Authority considers sufficiently certain) in Polish law, the law of any other relevant jurisdiction or Applicable Banking Regulations becoming effective on or after the Issue Date, the Issuer may, at its option and having given not less than 30 nor more than 60 calendar days' notice to the Agent and, in accordance with Condition 13 (*Agents*), the Noteholders of the Tier 2 Subordinated Notes (which notice shall be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Tier 2 Subordinated Notes.

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

(a) that a Capital Event has occurred and is continuing;

(b) that the Issuer has obtained the prior written consent of the Competent Authority, provided that at the relevant time such consent is required to be given; and

(c) the due date for such redemption, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

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

Tier 2 Subordinated Notes redeemed pursuant to this Condition 7.3 will be redeemed at their early redemption amount (the "**Early Redemption Amount (Capital Disqualification Event)**") (which shall be their principal amount or such other Early Redemption Amount (Capital Disqualification Event) as may be specified in the applicable Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Tier 2 Subordinated Notes for regulatory reasons pursuant to this Condition 7.3 is subject to the prior consent of the Competent Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

For the purposes of these Conditions:

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

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

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

If, in the case of Senior Subordinated Notes, Senior Non-Preferred Notes and MREL Senior Notes following the MREL Requirement Date, an MREL Disqualification Event has occurred and is continuing, then the Issuer may, at its option and having given not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 13 (*Agents*), the Noteholders of the relevant Notes (as applicable) (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the relevant Notes (as applicable). Upon the expiry of such notice, the Issuer shall redeem the relevant Notes (as applicable).

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

(a) that an MREL Disqualification Event has occurred and is continuing;

(b) that the Issuer has obtained the prior written consent of the Relevant Resolution Authority, provided that at the relevant time such consent is required to be given; and

(c) the due date for such redemption, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

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

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

Notes redeemed pursuant to this Condition 7.5 will be redeemed at their early redemption amount (the "**Early Redemption Amount (MREL Disqualification Event)**") (which shall be their principal amount or such other Early Redemption Amount (MREL Disqualification Event) as may be specified in or determined in accordance with the applicable Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

For the purposes of these Conditions:

"**Applicable MREL Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Poland or any other relevant jurisdiction giving effect to MREL or any successor principles then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD, the BRRD and those regulations, requirements, guidelines and policies giving effect to MREL or any successor principles then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

"**MREL**" means the "minimum requirement for own funds and eligible liabilities" for credit institutions under the BRRD, set in accordance with Article 45 of the BRRD (as transposed in Poland or any other relevant jurisdiction), Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016, supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities, or any successor requirement under the EU legislation and relevant implementing legislation and regulation in Poland or any other relevant jurisdiction;

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

"**MREL Requirement Date**" means the time from which the Issuer and/or the Group is obliged to meet any MREL Requirements; and

"**MREL Requirements**" means the minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the Group under the Applicable MREL Regulations.

7.5 **Restrictions on early redemption**

(a) The Issuer may redeem in accordance with the terms of these Conditions (and give notice thereof to the Noteholders) MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes only if such redemption is in accordance with the Applicable Banking Regulations and, to the extent required, it has been granted the approval of or permission from (in the case of Tier 2 Subordinated Notes) the Competent Authority or (in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes) the Relevant Resolution Authority and:

(i) before or at the same time as such redemption or repurchase of any Notes, the Issuer replaces such Notes with own funds instruments (or, in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes, eligible liabilities instruments) of an equal or higher quality at terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the Competent Authority (in the case of Tier 2 Subordinated Notes) or the Relevant Resolution Authority (in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes) that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements (in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes, for own funds and eligible liabilities) under CRD and BRRD by a margin that (in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes) the Relevant Resolution Authority, in agreement with the Competent Authority, or (in the case of Tier 2 Subordinated Notes) the Competent Authority, considers necessary; or

(iii) in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes only, the Issuer has demonstrated to the satisfaction of the Relevant Resolution Authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRD for continuing authorisation; and

(iv) in the case of redemption of Tier 2 Subordinated Notes before five years after the Issue Date of the last Tranche of such Series of Notes if the conditions listed in paragraphs (i) or (ii) above and one of the following conditions are met:

(A) in the case of redemption due to the occurrence of a Capital Disqualification Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Disqualification Event was not reasonably foreseeable at the time of the issuance of the Notes; or

(B) in the case of redemption due to the occurrence of a taxation reason, the Issuer demonstrates to the satisfaction of the Competent Authority that the change in tax treatment is material and was not reasonably foreseeable at the Issue Date of the most recent Tranche of the Notes of the relevant Series;

(C) before or at the same time as such redemption or repurchase of the relevant Notes, the Issuer replaces the Notes with own funds instruments of an equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(D) the Notes are repurchased for market-making purposes.

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

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

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

This Condition 7.6 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than where Condition 7.2 (*Redemption for tax reasons*) applies), such option being referred to as an "Issuer Call". The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 7.6 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (*Agents*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not part) of the relevant Series of Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

In the case of Subordinated Notes, Senior Non-Preferred Notes and MREL Senior Notes, redemption at the option of the Issuer pursuant to this Condition 7.6 will be subject to the prior consent of the Competent Authority (and in particular, in the case of Senior Non-Preferred Notes and MREL Senior Notes, the Relevant Resolution Authority) if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

7.7 **Redemption at the option of the Issuer (Clean-up Call)**

If Clean-up Call is specified as being applicable in the applicable Final Terms and the Clean-up Call Minimum Percentage (or more) of the principal amount outstanding of the Notes originally issued (which for these purposes shall include any further notes, if any, issued in accordance with Condition 17 (*Further Issues*)) has been redeemed or purchased and subsequently cancelled pursuant to Condition 7.10 (*Purchase*), the Issuer may, at its option, from (and including) the Clean-up Call Effective Date (but subject, in the case of MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes, to Condition 7.5 (*Restrictions on early redemption*), having given not more than the maximum period nor less than minimum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 15 (*Notices*), to the Noteholders, redeem all but not some only of the Notes then outstanding at the Clean-up Call Option Amount specified in the applicable Final Terms together, if applicable, with unpaid interest accrued to (but excluding) the date fixed for redemption. The notice referred to in the preceding sentence shall be irrevocable and shall specify the date fixed for redemption.

In these Conditions:

"**Clean-up Call Minimum Percentage**" means 75 per cent. or such other percentage specified in the applicable Final Terms; and

"**Clean-up Call Effective Date**" means: (i) in the case of MREL Senior Notes and Senior Non-Preferred Notes, the Issue Date of the first Tranche of the Notes; and (ii) in the case of Senior Subordinated Notes and Tier 2 Subordinated Notes, the date specified in the applicable Final Terms or such earlier date as may be permitted under the MREL Requirements and/or the Applicable Banking Regulations (as applicable) from time to time.

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

This Condition 7.8 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 7.8 for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If, in respect of the Ordinary Senior Notes, Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 (*Agents*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Ordinary Senior Note on the Optional Redemption Date or within the time period(s) specified in the applicable Final Terms (the "**Put Period(s)**") (in the case of a Put Period such notice shall specify an Optional Redemption Date for the Notes) and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition, and the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on their instruction by Euroclear, Clearstream, Luxembourg, or any common depositary or common safekeeper, as the case may be, or by them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 7.8 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 7.8 and instead to declare such Note forthwith due and payable pursuant to Condition 10 (*Events of Default*).

7.9 **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:

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

where:

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

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

"**Y**" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.10 **Purchases**

Subject to Condition 7.5 (*Restrictions on Early Redemption*), the Issuer or any Subsidiary of the Issuer may at any time purchase Notes (**provided that**, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

Tier 2 Subordinated Notes may only be purchased by the Issuer or any of the Issuer's Subsidiaries, if and to the extent permitted by the Applicable Banking Regulations at the relevant time and if the

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

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

7.11 **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 7.8 (*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.

7.12 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 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 7.9(c) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Agents*).

8. **TAXATION**

All amounts payable in respect of the Notes (whether in respect of interest or, in the case of Ordinary Senior Notes only, principal, redemption amount or otherwise) by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties or charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction in the case of Ordinary Senior Notes, or interest only, in the case of MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes, as would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(a) held by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with a Tax Jurisdiction other than the mere holding of the Note or Coupon;

(b) where the relevant Note or Coupon is presented or surrendered for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or payment on the last day of such period of 30 days; or

(c) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof.

As used herein:

(i) "**Tax Jurisdiction**" means Poland or any other jurisdiction, or any political subdivision or any authority thereof or therein having power to tax; and

(ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Agents*).

9. PRESCRIPTION

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

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.3 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 6.3 (*Presentation of definitive Notes and Coupons*).

10. EVENTS OF DEFAULT

10.1 Events of Default relating to Ordinary Senior Notes

This Condition 10.1 is applicable in relation to Ordinary Senior Notes only.

The following events or circumstances (each an "**Event of Default**") shall be events of default in relation to the Ordinary Senior Notes of any Series, namely:

(a) *Non-payment*

The Issuer fails to pay any amount of interest or principal due in respect of the Ordinary Senior Notes of the relevant Series or any of them on the due date for payment thereof and such default continues for a period of five days on which banks are open for business in Poland; or

(b) *Breach of Other Obligations*

If the Issuer fails to perform or observe any of its other material obligations under these Conditions in respect of the Ordinary Senior Notes of the relevant Series or the Agency Agreement and (except in any case where the failure is incapable of remedy when no continuation or notice as hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by any holder of the Ordinary Senior Notes on the Issuer of notice requiring the same to be remedied; or

(c) *Cross Default*

If any Relevant Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of any event of default (however described) or the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Relevant Indebtedness on the due date thereof as extended by any applicable grace period or any security given by the Issuer or any of its Material Subsidiaries for any Relevant Indebtedness becomes enforceable or if default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Relevant Indebtedness of any other person, **provided that** no such event shall constitute an Event of Default unless the Relevant Indebtedness or other relative liability either alone or when aggregated with other Relevant Indebtedness and/or other liabilities relative to all (if any) other such event which shall have occurred and be continuing shall amount to at least €10,000,000 or its equivalent in any other currency; or

(d) *Dissolution*

If any order is made by any competent court or a resolution is passed for the dissolution of the Issuer or any of its Material Subsidiaries; or

(e) *Cessation of Business*

If the Issuer or any of its Material Subsidiaries (i) ceases or announces an intention to cease to carry on the whole or a substantial part of its business (save for the purposes of a reorganisation of the Issuer and its Subsidiaries taken as a whole on terms approved by an Extraordinary Resolution of the holders) or (ii) stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law; or

(f) *Insolvency/Winding-up*

If (i) the Issuer is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; (ii) proceedings are initiated against any of the Issuer's Material Subsidiaries under any applicable bankruptcy, restructuring, liquidation, insolvency or composition laws or a receiver or manager under or in respect of any such law is appointed in relation to any of the Issuer's Material Subsidiaries or, as the case may be, in relation to the whole or a part of the undertaking or assets of any of them, or any encumbrance takes possession of the whole or a part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets of any of them, and (iii) in any case is not discharged within 21 days; or if any of the Issuer's Material Subsidiaries initiates or consents to judicial or other proceedings relating to itself under any applicable bankruptcy, restructuring, liquidation, insolvency or composition laws or makes a transfer of title or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) in relation to any such law or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) under any above law; or

(g) *Withdrawal of Banking Licence*

If the banking operations of the Issuer are suspended or the Issuer's banking licence is withdrawn pursuant to applicable Polish banking law.

10.2 **Definitions**

In these Conditions:

"**Auditors**" means the auditors from time to time of the Issuer, as the context may require, or, in the event of any of them being unable or unwilling to carry out any actions requested from them pursuant to these Conditions, means any other firm of certified accountants of international standing or repute in Poland nominated by the Issuer;

"**Material Subsidiary**" means any Subsidiary of the Issuer: (a) whose gross profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 15 per cent. of the consolidated gross profits of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated, or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; or (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Material Subsidiary of the Issuer, all as more particularly defined in the Agency Agreement. A certificate by the Management Board of the Issuer confirming that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time a Material Subsidiary of the Issuer accompanied by a report of the Auditors addressed to the Issuer (as to proper extraction of the figures used by the Management Board of the Issuer in determining the Material Subsidiaries of the Issuer and mathematical accuracy of the calculation) shall, in the absence of manifest error, be conclusive and binding on all parties; and

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

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

Save as provided below, there are no events of default under the MREL Senior Notes, Senior Non-Preferred Notes or Senior Subordinated Notes or Tier 2 Subordinated Notes, which could lead to an acceleration of the relevant MREL Senior Notes, Senior Non-Preferred Notes or Senior Subordinated Notes or Tier 2 Subordinated Notes.

However, if an order is made by any competent court commencing insolvency proceedings against the Issuer or if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer and such order is continuing, then any Noteholder may, unless there has been a resolution to the contrary by the Noteholders, by written notice addressed by the Noteholder thereof to the Issuer and delivered to the Issuer and to the Specified Office of the Agent (and addressed to the Issuer), be declared immediately due and payable, whereupon the principal amount of such Notes together with any accrued and unpaid interest thereon to the date of payment shall become immediately due and payable without further action or formality. If any order is made by any competent court declaring the bankruptcy of the Issuer, the principal amount of such Notes together with any accrued and unpaid interest thereon shall become due on the day the Issuer is declared bankrupt.

10.4 **Notices relating to Events of Default**

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

10.5 **Occurrence of Event of Default**

Subject to Condition 10.3 (*Events of Default relating to MREL Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes*) if any Event of Default shall occur and be continuing in relation to any Series, any holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Paying Agent, declare that such Note and (if the Note is interest-bearing) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (which shall be its outstanding principal amount or, if such Note is non interest bearing, its Amortised Face Amount (as defined in Condition 7.6 (*Redemption at the option of the Issuer (Issuer Call)*)) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms, together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

11. SUBSTITUTION AND VARIATION

If Substitution and Variation is specified in the applicable Final Terms as being applicable to the Notes and (i) a Capital Disqualification Event, (ii) an MREL Disqualification Event or (iii) a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 7.2 (*Redemption for tax reasons*) occurs and is continuing, or to ensure the effectiveness or enforceability of Condition 20 (*Acknowledgement of Bail-in and Loss Absorption Powers*), the Issuer may substitute all (but not some only) of the Notes (as the case may be) or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they are substituted for, or varied to, become, or remain, Qualifying Notes, subject to having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) and the Agent (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, variation), and subject to obtaining the prior consent of the Competent Authority or the Relevant Resolution Authority, as applicable, if and as required therefor under Applicable Banking Regulations and in accordance with Applicable Banking Regulations in force at the relevant time, ***provided that*** in each case

(a) such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities;

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

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

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

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new Conditions. Such substitution or variation will be effected without any cost or charge to the Noteholders.

Noteholders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant to the Issuer full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of the Noteholders which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

In these Conditions:

"**Qualifying Notes**" means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 20 (*Acknowledgement of Bail-in and Loss Absorption Powers*), have terms not otherwise materially less favourable to the Noteholders than the terms of the Notes, provided that the Issuer shall have delivered a certificate signed by two authorised signatories to that effect to the Noteholders not less than five Business Days prior to (x) in the case of a substitution of the Notes pursuant to this Condition 11 (*Substitution and Variation*), the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to this Condition 11 (*Substitution and Variation*), the date such variation becomes effective, provided that such securities shall:

(a) (i) in the case of MREL Senior Notes, Senior Non-Preferred Notes and Senior Subordinated Notes, if the MREL Requirement Date has occurred, contain terms which comply with the then-current requirements for MREL-eligible Notes as embodied in the Applicable MREL Regulations, and (ii) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then-current requirements for their inclusion in the Tier 2 Subordinated Capital of the Issuer; and

(b) carry the same rate of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 11 (*Substitution and Variation*); and

(c) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to this Condition 11 (*Substitution and Variation*); and

(d) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 11 (*Substitution and Variation*); and

(e) have at least the same ranking; and

(f) not, immediately following such substitution or variation, be subject to a Capital Disqualification Event, an MREL Disqualification Event and/or an early redemption right for taxation reasons according to Condition 7.2 (*Redemption for tax reasons*), as applicable; and

(g) be listed or admitted to trading on any stock exchange as selected by the Issuer, if the Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation pursuant to this Condition 11 (*Substitution and Variation*).

12. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

13. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, **provided that**:

(a) there will at all times be an Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent, which may be the Agent, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

15. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and on the Issuer's website https://www.mbank.pl/en/home-page and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, www.luxse.com. 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 including publication on the website of the relevant stock exchange or relevant authority if required by those rules. 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) or on such website(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 on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION AND SUBSTITUTION

The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening (including by way of conference call or by use of a videoconference platform) meetings of the holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Agency Agreement) of the Notes, the Coupons or any of the provisions of the Agency Agreement or the Deed of Covenant. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Deed of Covenant or the Agency Agreement (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the holders of Notes of any Series will be binding on all holders of the Notes of such Series, whether or not they are present at the meeting, and on all holders of Coupons relating to Notes of such Series.

The Issuer may, with the consent of the Agent, but without the consent of the holders of the Notes of any Series or Coupons, agree to:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

In addition, the parties to the Agency Agreement may agree such modifications to the Agency Agreement, the Notes, these Conditions and the Deed of Covenant as may be required in order to give effect to Condition 5.4 (*Benchmark Discontinuation*) in connection with effecting any Alternative Reference Rate, Successor Rate, Benchmark Replacement, Adjustment Spread, Benchmark Replacement Adjustment, Benchmark Amendments or Benchmark Replacement Conforming Changes referred to in Condition 5.4 (*Benchmark Discontinuation*) without the requirement for the consent or sanction of the Noteholders or Couponholders.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 (*Agents*) above as soon as practicable thereafter.

In respect of Ordinary Senior Notes (other than MREL Senior Notes) only, the Issuer, or any previous substituted company, may, at any time, without the consent of the holders of the Notes of any Series or Coupons, substitute for itself as principal debtor under the Notes, the Coupons and the Talons any company (the "**Substitute**") that is a Subsidiary of the Issuer, **provided that** no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 7, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each holder of a Note, Coupon or Talon against any tax, duty, assessment or governmental charge that is imposed on it by, or by any authority in or of, the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll, the Notes, Coupons, Talons and the Deed of Covenant shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the holders of Notes shall have been delivered to them (care of the Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of paragraph (iii) above and the other matters specified in the Deed Poll and

(vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the holders of Notes, stating that copies or, pending execution, the agreed text of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to holders of Notes, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 (*Events of Default*) to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 (*Events of Default*) shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are, and shall be, governed by, and construed in accordance with, English law except the provisions of Condition 2 (*Status of the Notes)*, Condition 4 (*Waiver of Set-off*), Condition 20 (*Acknowledgement of Bail-in and Loss Absorption Powers*) and and Condition 21 (*Recognition of Stay 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, by its subscription or purchase and holding of the Notes, each Noteholder (which, for the purposes of this Condition 20, includes each holder of a beneficial interest in the Notes) 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 may be imposed with or without any notice with respect to the Notes and which exercise (without limitation) may include and result in any of the following, or a combination thereof:

(i) the reduction or cancellation of all, or a portion, of the Relevant Amounts due in respect of the Notes and/or Coupons;

(ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes and/or Coupons into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder or Couponholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes and/or Coupons (in which case the Noteholder or the Couponholder agrees to accept, in lieu of its rights under the Notes and/or Coupons, any such shares, securities or other obligations of the Issuer or another person);

(iii) the cancellation of the Notes and/or Coupons;

(iv) amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date(s) 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 subscription or purchase of the Notes, each Noteholder (including, for these purposes, each holder of a beneficial interest in the Notes): (a) acknowledges, accepts, consents and agrees to be bound by the exercise of any Bail-in and Loss Absorption Powers as may be exercised without any prior notice by the Competent Authority and/or the Relevant Resolution Authority of its decision to exercise such power with respect to such Notes; and (b) shall be deemed to have authorised, directed and requested Euroclear and Clearstream, Luxembourg, any accountholder in Euroclear or Clearstream, Luxembourg or other intermediary through which it holds such Notes to take any and all necessary action, if required, to implement the exercise of any Bail-in and Loss Absorption Powers with respect to such Notes as it may be exercised, without any further action or direction on the part of such Noteholder or any Agent.

(c) Upon the Issuer and/or any member of the Group being informed and notified by the Competent Authority and/or Relevant Resolution Authority of the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable regarding such exercise of the Bail-in and Loss Absorption Powers. The Issuer will also deliver a copy of such notice to the Agents for information purposes. Each Noteholder acknowledges, accepts, consents and agrees that any delay or failure by the Issuer to notify the Noteholders under this paragraph shall not affect (or be deemed to operate to affect) the validity and enforceability of the exercise of Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority.

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

In these Conditions:

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

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

21. RECOGNITION OF STAY POWERS

21.1 By its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 21, includes each holder of a beneficial interest in the Notes), where a resolution measure is taken in relation to the Issuer or any member of the same group as the Issuer which is an EU BRRD undertaking:

(a) acknowledges and accepts that the Notes may be subject to the exercise of Stay Powers;

(b) acknowledges and accepts that it is bound by the application or exercise of any such Stay Powers; and

(c) confirms that this Condition 21 represents the entire agreement with the Issuer on the potential impact of Stay Powers in respect of the Notes, to the exclusion of any other agreement, arrangement or understanding between parties, to the extent that such Stay Powers apply to the Notes.

21.2 In accordance with Article 68 (*Exclusion of certain contractual terms in early intervention and resolution*) of the BRRD and any relevant implementing measures in any member state, by its subscription and/or purchase and holding of the Notes, each Noteholder further acknowledges and agrees that the application or exercise of any such Stay Powers shall not, *per se*, be deemed to be an enforcement event within the meaning of Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements or as insolvency proceedings within the meaning of Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems, and that Noteholders shall not be entitled to take any of the steps outlined under Article 68(3) of the BRRD and any relevant implementing measures in any member state against the Issuer.

21.3 For the purpose of these Conditions:

(a) "**Stay Powers**" means the powers of a relevant resolution authority to suspend or restrict rights and obligations under:

(i) Article 33a (*Power to suspend payment or delivery obligations*);

(ii) Article 69 (*Power to suspend payment or delivery obligations*);

(iii) Article 70 (*Power to restrict the enforcement of any security interest*); and

(iv) Article 71 (*Power to temporarily suspend any termination right*), of the BRRD and any relevant implementing measures in any member state including Articles 142 - 144 of the Act on Bank Guarantee Fund;

(b) "**EU BRRD undertaking**" means an entity within the scope of Article 71a of the BRRD and any relevant implementing measures in any EEA member state; and

(c) "**resolution measure**" means "resolution" or the application of a "resolution tool", "crisis prevention measure" or "crisis management measure" within the meaning of the BRRD and any relevant implementing measures in any member state.

GREEN BOND FRAMEWORK

In order to participate in the sustainable finance market and fund projects and activities with environmental benefits, 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 ("**Green Bonds**") to finance and re-finance, in whole or in part, eligible projects ("**Eligible Projects**") within a portfolio of Eligible Assets (the "**Eligible Assets Portfolio**") in accordance with the Green Bond Framework.

In September 2024 the Issuer updated the Green Bond Framework. The Green Bond Framework is aligned with, and therefore meets all relevant criteria set out in, the International Capital Markets Association ("**ICMA**") Green Bond Principles published by ICMA in June 2021 (the "**GBP 2021**"), as updated by Appendix 1 in June 2022, which constitute voluntary guidelines recommending transparency and promoting integrity in the development of the green bonds market. The updated Green Bond Framework has been reviewed by Sustainalytics B.V. the ("**Second Party Opinion Provider**"), which has issued an opinion confirming that the Green Bond Framework is credible, impactful and aligned with the GBP 2021 (the "**Second Party Opinion**").

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

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

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

Use of proceeds

The Issuer will allocate the net proceeds from any Green Bonds to finance or re-finance new and/or existing Eligible Projects within the Eligible Assets Portfolio, which have been identified to have a positive environmental impact, particularly in relation to the transition to a low carbon and climate resilient economy. Where the net proceeds from any Green Bonds are to be allocated to re-finance Eligible Projects, the Issuer will apply a look-back period of a maximum of three years prior to the Issue Date of the relevant Green Bonds.

The underlying Eligible Categories for the use of proceeds and the corresponding Eligibility Criteria (each as defined in the Green Bond Framework) that Eligible Projects must meet are set out in the Green Bond Framework. The Issuer has broadly defined Eligible Categories and the corresponding Eligibility Criteria in accordance with the GBP 2021, Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment and any related technical screening criteria, Sustainable Development Goals set by the United Nations and the Climate Bonds Taxonomy and Sector Criteria prepared by the Climate Bonds Initiative. Eligible Categories include:

- green buildings: the construction, renovation and acquisition of residential and/or certain types of commercial real estate, including in relation to improving building energy efficiency;
- renewable energy: the development, acquisition, maintenance and operation of renewable or climate-neutral energy sources;
- clean transportation: the manufacture and upgrade, purchase, operation and/or leasing of certain types of clean or climate-neutral mobility;
- electricity transmission and storage: electricity transmission and distribution networks, electricity storage projects and supporting infrastructure; and
- waste management: waste management projects, including municipal waste collection and source segregation,

that, in each case, meet the Eligibility Criteria.

Process for project evaluation and selection

The Issuer has established a dedicated Sustainable Development Committee (the "**SDC**") to oversee the evaluation and selection of Eligible Projects. In particular, the SDC is responsible for the preparation of the Green Bond Framework and its implementation, including defining and updating Eligible Categories and the corresponding Eligibility Criteria, identifying, evaluating and selecting Eligible Assets and monitoring the Eligible Assets Portfolio, Green Bond issuances, managing and allocating the net proceeds from any Green Bond, annual and interim reporting, working with third-parties (including the Second Party Opinion Provider) and the Issuer's stakeholders and compliance with best market practice standards. The SDC is led by the Chief People and Regulatory Officer and comprises representatives from various departments of the Issuer.

The SDC selects Eligible Projects in accordance with the Green Bond Framework. Only projects that comply with the Issuer's credit processes and policies, in particular the Issuer's sustainability standards and exclusion criteria, are subject to further analysis by the SDC. As a minimum, projects must comply with the Issuer's internal regulations, which seek to align with official domestic and international ESG standards, laws and regulations.

Eligible Projects are then added to or removed from the Eligible Assets Portfolio at the SDC's discretion. Prior to the issuance of any Green Bonds, the SDC will decide on how the net proceeds will be allocated across the Eligible Assets Portfolio and monitor such allocation on an ongoing basis, with delegation to the Treasury department.

Management of proceeds

The net proceeds from any Green Bonds will be managed on a portfolio basis within the Eligible Assets Portfolio and assigned to Eligible Projects in compliance with the Green Bond Framework. Upon settlement of a Green Bond, the net proceeds will be credited to the Issuer's treasury account and incorporated into its general liquidity pool. The Issuer will then monitor allocation to Eligible Projects within the Eligible Assets Portfolio through internal information systems. The net proceeds will be allocated to Eligible Project(s) within 24 months of the relevant Issue Date and any unallocated net proceeds will be temporarily invested by the Issuer according to internal treasury guidelines in cash, cash equivalent or short-term liquid instruments.

Reporting

The Issuer reports on its Green Bonds in an annual Green Bond Allocation and Impact Report, which provides information on the Eligible Assets Portfolio as a whole, the allocation of proceeds from Green Bonds at a portfolio level and each outstanding Green Bond. The Green Bond Allocation and Impact Report is published annually and on an interim basis following material changes in the allocation of proceeds.

The Issuer seeks to report on its Green Bonds in accordance with the approach described in ICMA's "Handbook – Harmonised Framework for Impact Reporting (June 2021)".

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. 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 2023

For the year ended 31 December 2023, the Group's net financial result was heavily affected by substantial provisions for legal risk related to CHF mortgage loans (see "Risk Factors – The Group is exposed to the legal risks related to loans denominated in or indexed to CHF."). The Group reported profit before tax of PLN 970.6 million for the year ended 31 December 2023, compared to a loss of PLN 108.0 million for the year ended 31 December 2022. Net profit attributable to the owners of mBank amounted to PLN 24.1 million for the year ended 31 December 2023 compared to a loss of PLN 702.7 million for the year ended 31 December 2022.

Income of the Group

For the year ended 31 December 2023, the Group generated total income in the amount of PLN 10,802.3 million compared with PLN 7,856.9 million the prior year, which represents an increase of PLN 2,945.4 million or 37.5 per cent. For the year ended 31 December 2023, total income excluding the negative impact of credit holidays grew by 16.8 per cent. year-on-year. This increase was driven predominantly by an increase in net interest income.

Net interest income of the Group for the year ended 31 December 2023 accounted for 82.1 per cent. of the Group's total income. It amounted to PLN 8,873.5 million compared with PLN 5,924.0 million in 2022, representing an increase of PLN 2,949.5 million or 49.8 per cent. Net interest income excluding the impact of credit holidays for the year ended 31 December 2023 increased by 21.7 per cent. year-on-year. The increase in net interest income was mainly a result of a high interest rate environment, active management of deposit costs and focus on profitable customer relationships. Between October 2021 and September 2022, the NBP reference rate was raised by the Monetary Policy Council by 665 bps in aggregate to 6.75 per cent., while in September 2023 and October 2023 the NBP reference rate was cut by 100 bps in aggregate to 5.75 per cent.

For the year ended 31 December 2023, interest income increased by PLN 5,561.0 million or 60.0 per cent. year-on-year and amounted to PLN 14,826.8 million. Income from loans and advances to clients, constituting the main source of interest income, increased by PLN 2,215.0 million or 25.5 per cent. year-on-year. Interest income from loans and advances includes interest income from loans and advances on the following items: financial assets measured at amortised cost, non-trading financial assets measured mandatorily at fair value through profit or loss and assets held for trading. For the year ended 31 December 2023, due to an updated calculation of the impact of credit holidays, the Group recognised a PLN 57.5 million gain on non-substantial modification, which increased interest income. The negative impact of credit holidays recognised in interest income for the year ended 31 December 2022 was PLN 1,322.4 million.

For the year ended 31 December 2023, interest income from investment securities increased by PLN 1,351.8 million or 104.8 per cent. compared to the year ended 31 December 2022. 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. For the year ended 31 December 2023, interest income from debt securities held for trading increased by PLN 26.8 million or 62.4 per cent. compared to the year ended 31 December 2022 and interest income on derivatives classified into banking book reached PLN 119.5 million.

Interest expenses increased by PLN 2,611.5 million or by 78.1 per cent. for the year ended 31 December 2023 and were PLN 5,953.3 million. As a result of higher interest paid on customer deposits and higher volumes of corporate and retail deposits in 2023, deposit costs increased by PLN 2,028.9 million or 116.4 per cent. year-on-year. For the year ended 31 December 2023, interest expenses arising from the issue of the Group's debt securities increased by PLN 188.4 million or 69.5 per cent. compared with 2022. For the year ended 31 December 2023, interest expense on derivatives concluded under the fair value hedge and concluded under the cash flow hedge totalled PLN 1,470.9 million, while for the year ended 31 December 2022, they amounted to PLN 1,040.5 million. For more details on fair value cash accounting and fair value hedge accounting, see Note 20 to 2023 Consolidated Financial Statements.

Net fee and commission income amounted to PLN 1,915.9 million for the year ended 31 December 2023, a decrease of PLN 204.2 million or 9.6 per cent. year-on-year. Fee and commission income decreased modestly by PLN 10.2 million or 0.3 per cent. year-on-year. Owing to the growing number of clients and transactions, payment card-related fees increased the most (increasing by PLN 55.7 million or 8.8 per cent. compared to the year ended 31 December 2022). For the year ended 31 December 2023: (i) commissions from money transfers increased by PLN 15.2 million or 6.8 per cent. year-on-year; (ii) commissions for agency services regarding the sale of products of external financial entities increased by PLN 10.4 million or 13.9 per cent. year-on-year, mainly reflecting increased income from the sale of investment fund units; and (iii) fees from cash services increased by PLN 8.0 million or 14.7 per cent. year-on-year; (iv) commissions for agency services regarding the sale of insurance products of external financial entities increased by PLN 5.6 million or 4.3 per cent year-on-year. For the year ended 31 December 2023, commissions from bank accounts decreased by PLN 97.2 million or 25.3 per cent. compared to the year ended 31 December 2022, mainly due to a reduction in the fees charged to corporate customers. Commissions from currency transactions decreased by PLN 20.1 million or 3.9 per cent. year-on-year due to lower volatility in the FX market. Fees from brokerage activity and debt securities issued in 2023 declined by PLN 9.8 million (5.7 per cent year-on-year). Credit-related fees and commissions declined marginally year-on-year (by PLN 1.9 million or 0.3 per cent.).

For the year ended 31 December 2023, fee and commission expense grew by PLN 194.0 million or 21.4 per cent. year-on-year to PLN 1,100.0 million. The increase in payment card-related fees was driven mainly by a higher volume of mBank clients' transactions in 2023.

Dividend income amounted to PLN 9.5 million for the year ended 31 December 2023 compared with PLN 5.2 million for the year ended 31 December 2022.

Net trading income amounted to PLN 73.3 million for the year ended 31 December 2023 compared with PLN 97.2 million in 2022 (a decrease of 24.5 per cent year-on-year). The foreign exchange result in 2023 amounted to PLN -22.2 million, while in 2022 it stood at PLN -98.5 million. This improvement was driven by changes to interest rates as part of the Bank's interest rate management. For the year ended 31 December 2023, gains or losses on financial assets and liabilities held for trading decreased by PLN 109.5 million year-on-year, mostly on interest-bearing derivative instruments. For the year ended 31 December 2023, the Group recognised the positive impact of credit holidays on hedge accounting in an amount of PLN 12.0 million, which increased net trading income. In 2022, the negative impact of credit holidays on gains or losses on hedge accounting amounted to PLN 12.0 million.

Other income, including gains or losses on the 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, increased by PLN 123.1 million year-on-year and was PLN 11.9 million for the year ended 31 December 2023 compared with PLN -111.2 million for the year ended 31 December 2022. The negative result in 2022 was driven mainly by the recognition of losses from the sale of Treasury bonds and the revaluation of shares in companies in which the Bank holds minority stakes.

For the year ended 31 December 2023, net other operating income was PLN -81.8 million, compared with PLN -178.5 million in 2022. Other operating income increased by PLN 52.6 million or 19.8 per cent. year-on-year, while other operating expenses decreased by PLN 44.1 million or 9.9 per cent. year-on-year, mainly due to lower provisions for future commitments.

Costs of the Group

For the year ended 31 December 2023, total overhead costs (including depreciation) amounted to PLN 3,074.4 million, which represents a decrease of PLN 244.7 million or 7.4 per cent year-on-year. Staff-related expenses increased by PLN 220.4 million (or 18.0 per cent.) year-on-year due to higher employment (as the number of employees measured by full time equivalents went up by 305) and increased salaries, driven by high inflation and wage pressures. For the year ended 31 December 2023, material costs increased by PLN 157.6 million (or 21.6 per cent.) year-on-year, in particular as a result of higher costs of administration and real estate services, marketing costs and IT costs. Depreciation rose by PLN 36.7 million or 7.9 per cent. year-on-year 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 BGF amounted to PLN 181.8 million for the year ended 31 December 2023 compared with PLN 247.4 million in 2022. For the year ended 31 December 2022, the Group booked the contribution to the IPS in the amount of PLN 428.1 million and the contribution to the BSF in the amount of PLN 170.9 million.

As a result of changes in the income and costs of the Group, in 2023, the Group's cost to income ratio was 28.5 per cent. compared with 42.2 per cent. in 2022. For the year ended 31 December 2023, the normalised cost to income ratio (excluding the effect of credit holidays and the contribution to the BSF in 2022) stood at 28.6 per cent. compared with 34.3 per cent. in 2022.

Net impairment losses and fair value change on loans and advances

For the year ended 31 December 2023, net impairment losses and fair value change on loans and advances of the 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) amounted to PLN -1,105.5 million compared with PLN -849.3 million in 2022 (an increase by 30.2 per cent. or PLN 256.2 million year-on-year). In 2023, impairment or reversal of impairment on financial assets not measured at fair value through profit or loss was PLN -1,076.8 million, while gains or losses from non-trading loans and advances mandatorily measured at fair value through profit or loss amounted to PLN -28.8 million.

For the year ended 31 December 2023, net impairment losses and fair value change on loans and advances in the Retail Banking Segment increased by 48.9 per cent. year-on-year. The increase resulted mainly from the observed difficulties with repayment of loans on time, which mainly affected small enterprises. The final cost of risk level was significantly affected by the implementation of an additional trigger for classifying exposures as Stage 2 (i.e. a threefold increase of the PD level). The increase of costs stemming from the negative economic environment was partially offset by the positive impact of the non-performing loans sales.

In the Corporate and Investment Banking segment, the cost of risk increased by 10.3 per cent. year-on-year for the year ended 31 December 2023. A relatively small increase in the cost of risk resulted from efficient management of debt collection and the restructuring portfolio, which in the first half of 2023 contributed to the release of some of the provisions created in the previous year. The level of corporate provisions for the year ended 31 December 2023 was significantly impacted by events occurring in the fourth quarter of 2023, which required additional loan loss provisions, in large part attributable to a significant provisioning against two corporate customers.

The cost of risk for the Group the year ended 31 December 2023 was 93 basis points, compared with 69 basis points for the year ended 31 December 2022.

Costs of legal risk related to foreign currency loans

The costs of legal risk related to foreign currency loans amounted to PLN 4,908.2 million for the year ended 31 December 2023 compared with PLN 3,112.3 million for the year ended 31 December 2022. The major driver of these costs in 2023 was the change in the distribution of expected court rulings scenarios, the number of lawsuits expected by the Group, costs of the settlement programme and changes in other model and market parameters.

Profit generated by the Group

Taxes on the Group balance sheet items for the year ended 31 December 2023 were PLN 743.6 million compared with PLN 684.2 million for the year ended 31 December 2022.

For the year ended 31 December 2023, the Group generated a profit before income tax in the amount of PLN 970.6 million, while in 2022, the Group reported a loss before income tax in the amount of PLN 108.0 million. The Group's net profit attributable to the owners of the Bank for the year ended 31 December 2023 was PLN 24.1 million compared with a loss of PLN 702.7 million in 2022. The Group's net return on equity was 0.2 per cent. in 2023 compared with -5.3 per cent. in 2022.

For the year ended 31 December 2023, the Group's core business (which excludes the Group's FX mortgage loans segment) generated profit before income tax in the amount of PLN 5,988.4 million (compared with PLN 3,113.3 million for the year ended 31 December 2022).

As of 31 December 2023, the Group's gross carrying amount of loans and advances to customers was PLN 117.2 billion, out of which PLN 66.3 billion was to individuals, PLN 50.8 billion was to corporate entities and PLN 0.1 billion was to the public sector, compared with PLN 123.4 billion as of 31 December 2022 (including PLN 71.1 billion to individuals, PLN 52.2 billion to corporate entities and PLN 0.1 billion to the public sector).

Amounts due to customers amounted to PLN 185.5 billion as of 31 December 2023 (including PLN 128.4 billion related to individual clients, PLN 56.4 billion related to corporate clients and PLN 0.6 billion related to the public sector) compared with PLN 174.1 billion as of 31 December 2022 (including PLN 122.9 billion related to individual clients, PLN 50.0 billion to corporate clients and PLN 1.3 billion of public sector deposits).

As of 31 December 2023, the Group's Total Capital Ratio was 17.04 per cent. compared with 16.36 per cent. as of 31 December 2022. The Group's Common Equity Tier 1 capital ratio was 14.71 per cent. as of 31 December 2023, compared with 13.81 per cent. as of 31 December 2022. The Group's Consolidated own funds stood at PLN 14.7 billion as of 31 December 2023, out of which PLN 12.7 billion was Tier 1 capital. Compared to 31 December 2022, the Group's consolidated Tier 1 capital increased by PLN 566.3 million, mainly due to a positive change in the valuation of debt financial instruments measured at fair value through other comprehensive income and a decrease in the excess above the threshold amount of deferred tax assets referred to in Article 48 of the CRR Regulation. The Group's Tier 2 capital stood at PLN 2.0 billion as of 31 December 2023, which represents a year-on-year decrease of PLN 239.4 million resulting from partial amortisation of subordinated debt in accordance with Article 64 of the CRR Regulation. The TREA of the Group as of 31 December 2023 amounted to PLN 86.5 billion (31 December 2022: PLN 88.0 billion). The year-on-year decrease in the value of TREA was driven mainly by completion of a synthetic securitization transaction executed in September 2023 on a portfolio of retail non-mortgage loans with a total value of PLN 9,962.8 million.

As of 31 December 2023, the Group's consolidated leverage ratio calculated in accordance with the provisions of the CRR Regulation and the 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, including the transitional definition of Tier 1 capital, amounted to 5.27 per cent. (compared with 5.44 per cent as of 31 December 2022).

As of 31 December 2023, the Bank met the requirements for own funds and eligible liabilities. The MREL ratio as of 31 December 2023 in relation to TREA was 25.62 per cent., including 24.65 per cent. for own funds and eligible subordinated liabilities. The MREL ratio in relation to TEM as of 31 December 2023 was 9.15 per cent., including 8.81 per cent. for own funds and eligible subordinated liabilities.

Financial results of the Group in the first half of 2024

<u>Income of the Group</u>

For the first half of 2024 ended 30 June 2024, the Group's total income was PLN 5,812.6 million, compared with PLN 5,197.1 million for the first half of 2023 ended 30 June 2023, which represents an increase of 11.8 per cent. Excluding the impact of credit holidays in the first half of 2024 and in the first half of 2023, total income of the Group for the six-months ended 30 June 2024 increased by 18.0 per cent. compared to the six-months ended 30 June 2023.

Net interest income remained the Group's largest income source in the first half of 2024 ended 30 June 2024 (representing 77.5 per cent. of total income), amounting to PLN 4,504.7 million, compared with PLN 4,233.7 million in the first half of 2023 (representing an increase of 6.4 per cent.).

In the first half of 2024, interest income decreased by 5.3 per cent. to PLN 6,907.4 million (compared with PLN 7,295.8 million in the first half of 2023). Excluding the negative impact of credit holidays in the amount of PLN 256.8 million in the first half of 2024 and a positive impact of PLN 41.5 million in the first half of 2023, interest income decreased by 1.2 per cent. in the six-months ended 30 June 2024.

In the six-months ended 30 June 2024, interest income from loans and advances decreased by PLN 265.0 million or 4.9 per cent. compared to the six-months ended 30 June 2023 to PLN 5,169.6 million. Interest income from loans and advances includes interest income from loans and advances on the following items: financial assets measured at amortised cost, assets held for trading and non-trading financial assets measured mandatorily at fair value through profit or loss. A decrease of interest income from loans and advances was a result of interest rate decreases. In September 2023 and October 2023, the NBP interest rate was reduced by 1 percentage point in aggregate from 6.75 per cent. to 5.75 per cent.

In the first half of 2024, interest income from investment securities increased by PLN 64.3 million or 5.1 per cent. compared to the six-months ended 30 June 2023 and reached PLN 1,329.0 million. Interest income from investment securities includes interest income on the following debt securities: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and non-trading financial assets measured mandatorily at fair value through profit or loss. At the same time, interest income on debt securities held for trading declined by 23.0 per cent. to PLN 28.7 million from PLN 37.3 million for the first half of 2023. Moreover, in the first half of 2024, interest income from cash and short-term funds increased by 42.1 per cent. (or PLN 164.8 million) compared to the six-months ended 30 June 2023 to PLN 556.0 million and the Group recognised interest income on derivatives classified into banking book in the amount of PLN 41.7 million.

In the first half of 2024, interest expense decreased by PLN 659.4 million or 21.5 per cent. compared to the first half of 2023 and was PLN 2,402.7 million. The decrease was driven mainly by lower deposit expenses, which declined by PLN 482.8 million compared to the first half of 2023 due to lower interest rates on deposits introduced after the interest rate decreases. In the six months ended 30 June 2024, interest expenses on derivatives concluded under the cash flow hedge decreased by PLN 167.2 million or 48.3 per cent. compared to the six-months ended 30 June 2023 and interest expense related to debt securities issued increased by PLN 36.2 million or 16.5 per cent. compared to the six-months ended 30 June 2023 due to the issuance of bonds under the EMTN programme and CLN bonds in connection with the securitisation transaction.in September 2023. In the first half of 2024, interest expense from subordinated liabilities decreased by PLN 8.5 million or 9.3 per cent compared to the first half of 2023. The Group's net interest margin for the first half of 2024 ended 30 June 2024 was 4.4 per cent. compared with 4.1 per cent. for the first half of 2023 ended 30 June 2023.

The Group's net fee and commission income amounted to PLN 975.4 million in the first half of 2024 compared with PLN 988.7 million in the first half of 2023. In the six months ended 30 June 2024, fee and commission income grew by 4.7 per cent. or PLN 70.5 million compared to the six months ended 30 June 2023 to PLN 1,556.3 million. The largest item of fee and commission income, payment cards-related fees, increased by PLN 21.6 million or 6.5 per cent. compared to the six months ended 30 June 2023 reflecting the increased number and volume of card transactions. In the first half of 2024, commissions for agency services regarding the sale of other products of external financial entities increased by PLN 28.4 million or 90.6 per cent. compared to the first half of 2023 due to increased sales of mortgage loans by mFinanse Commissions for agency services regarding the sale of insurance products of external financial entities increased by PLN 6.7 million or 10.2 per cent. compared to the first half of 2023. Fees from brokerage activity and debt securities issue increased by PLN 6.8 million or 8.3 per cent. compared to the first half of 2023. Commissions from money transfers increased by PLN 5.6 million or 4.8 per cent. compared to the first half of 2023 as a result of an increased number of transactions. Commissions from bank accounts increased by PLN 2.9 million or 2.0 per cent. compared to the first half of 2023 due to rising numbers of accounts and changes in the Tariff of Banking Fees and Commissions. Fees from portfolio management services and other management-related fees the first half of 2024 were higher than in the first half of 2023 by PLN 3.4 million or 27.8 per cent. A decline in fee and commission income in the first half of 2024 was noted in commissions from currency transactions (by PLN 3.8 million or 1.6 per cent. compared to the first half of 2023), commissions due to guarantees granted and trade finance commissions (by PLN 2.1 million or 3.5 per cent. compared to the first half of 2023), credit-related fees and commissions (by PLN 1.8 million or 0.6 per cent. compared to the first half of 2023) and fees from cash services (by PLN 0.4 million or 1.3 per cent. compared to the first half of 2023).

In the first half of 2024, fee and commission expense rose by PLN 83.9 million or 16.9 per cent. compared to the first half of 2023 and amounted to PLN 580.9 million. This increase was driven mainly by other discharged fees, commissions paid for sale of external financial entities' products, commissions paid to external entities for the sale of the Group's products and by payment cards-related fees.

In the first half of 2024, net trading income amounted to PLN 87.0 million and was higher by PLN 83.2 million than in the first half of 2023. An increase in net trading income was driven mainly by foreign exchange result, which amounted to PLN 52.0 million in the first half of 2024 compared with PLN -48.6 million in the first half of 2023. In the first half of 2024, gains or losses on financial assets and liabilities held for trading decreased by PLN 33.1 million compared to the first half of 2023 to PLN 23.4 million.

Gains or losses from hedge accounting increased by PLN 15.7 million compared to the first half of 2023 and amounted to PLN 11.7 million in the first half of 2024.

Dividend income amounted to PLN 9.2 million in the first half of 2024, increasing by 98.6 per cent. in comparison with the first half of 2023.

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, amounted to PLN 17.7 million in the six-months ended 30 June 2024 compared with PLN -25.2 million in the first half of 2023.

In the first half of 2024, net other operating income amounted to PLN 218.6 million, compared with PLN -8.6 million for the first half of 2023. In the six months ended 30 June 2024, other operating income increased by PLN 196.7 million or 137.9 per cent. compared to the six months ended 30 June 2023, while other operating expenses decreased by PLN 30.4 million or 20.1 per cent. compared to the six months ended 30 June 2023. The increase in other operating income was driven predominantly by income from the recovery of receivables in connection with a final court judgement favourable to the Bank in the amount of PLN 164.0 million.

Costs of the Group

Total overhead costs (including depreciation) stood at PLN 1,670.0 million in the first half of 2024. They were higher than the corresponding period of 2023 by PLN 110.7 million or 7.1 per cent.

In the first half of 2024, staff-related expenses amounted to PLN 775.5 million and were higher than in the first half of 2023 by PLN 86.0 million or 12.5 per cent. An increase in staff-related expenses was driven by an increase in the number of employees and increased salaries. In the first half of 2024, material costs amounted to PLN 441.7 million (an increase of 4.2 per cent. compared to the first half of 2023), while depreciation stood at PLN 275.3 million compared with PLN 238.1 million in the first half of 2023. In the first half of 2024, the Group's contributions and transfers to the BGF decreased by PLN 35.0 million (or 19.3 per cent.) compared to the first half of 2023. They amounted to PLN 146.8 million in the first half of 2024 compared with PLN 181.8 million in the first half of 2023.

As a result of changes in income and expenses, the cost to income ratio for the first half of 2024 was 28.7 per cent. (compared with 30.0 per cent. for the first half of 2023).

Net impairment losses and fair value change on loans and advances

In the first half of 2024, net impairment losses and fair value change on loans and advances of the 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 on non-trading loans and advances mandatorily measured at fair value through profit or loss) stood at PLN -219.4 million compared with PLN -371.1 million in the first half of 2023. This decrease resulted mainly from an increasing number of retail customers meeting their payment obligations, the recalibration in the model made in the first half of 2024 and the positive impact of the sales of non-performing loans. In the first half of 2024, impairment or reversal of impairment on financial assets not measured at fair value through profit or loss amounted to PLN -217.9 million, while gains or losses on non-trading loans and advances mandatorily measured at fair value through profit or loss amounted to PLN -1.4 million.

Costs of legal risk related to foreign currency loans

The costs of legal risk related to foreign currency loans were PLN 2,404.0 million in the first half of 2024, while in the first half of 2023 they amounted to PLN 2,348.7 million. The costs were mainly driven by the update of model parameters for the future expected costs of execution of court judgments, in particular updating the estimates of statutory interest costs in relation to the pending court cases.

Profit generated by the Group

Taxes on the Group's balance sheet items for the first half of 2024 were PLN 367.1 million, compared with PLN 372.7 million for the first half of 2023.

Consequently, in the first half of 2024, the Group's profit before income tax was PLN 1,152.0 million, compared with PLN 545.3 million for the first half of 2023, which represents an increase of 111.3 per cent. The Group's net profit attributable to the owners of the Bank for the first half of 2024 was PLN 684.4 million, compared with the net profit of PLN 127.3 million generated in the in the first half of 2023. The Group's net return on equity for the first half of 2024 stood at 9.6 per cent., compared with 1.9 per cent. for the first half of 2023.

In the first half of 2024, the Group's core business generated profit before income tax in the amount of PLN 3,587.6 million and net profit attributable to the Owners of mBank S.A in the amount of PLN 2,746.9 million. The net return on equity on the Group's core business for the first half of 2024 was 40.3 per cent.

As of 30 June 2024, the Group's gross carrying amount of loans and advances to customers amounted to PLN 125.0 billion, out of which PLN 67.4 billion was to individuals, PLN 57.4 billion was to corporate entities and PLN 0.2 billion was to the public sector, compared with PLN 117.2 billion as of 31 December 2023 (including PLN 66.3 billion to individuals, PLN 50.8 billion to corporate entities and PLN 0.1 billion to the public sector).

Amounts due to customers amounted to PLN 187.5 billion as of 30 June 2024 (including PLN 133.6 billion related to individual clients, PLN 53.0 billion related to corporate clients and PLN 0.9 billion related to public sector) compared with PLN 185.5 billion as of 31 December 2023.

As of 30 June 2024, the Total Capital Ratio of the Group stood at 15.5 per cent. and the Common Equity Tier 1 capital ratio was 13.7 per cent. The following factors had the most significant influence on the Group's capital ratios in the first half of 2024:

- costs of legal risk related to CHF mortgage loans;
- partial amortisation of subordinated liabilities included in the calculation of own funds;
- an increase in the valuation of debt instruments measured at fair value through other comprehensive income; and
- the inclusion of part of the Group's net profit for the first quarter of 2024 in Tier 1 capital after obtaining the consent of the KNF.

As of 30 June 2024, the consolidated leverage ratio of the Group calculated in accordance with the provisions of the CRR Regulation and the 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, was 5.2 per cent.

Consolidated financial data of the Group

The following tables present consolidated financial data of the Group as of and for the years ended 31 December 2023 and 31 December 2022 and as of and for the six months periods ended 30 June 2024 and 30 June 2023. They were extracted from the 2023 Consolidated Financial Statements (audited) and the H1 2024 Condensed Consolidated Financial Statements (unaudited), as applicable.

Consolidated Income Statements

	The first half of the year ended 30 June		**Year ended 31 December**	
	2024	**2023**	**2023**	**2022 (R)**
	(PLN thousands)		*(PLN thousands)*	
Interest income	6,907,391	7,295,761	14,826,765	9,265,806
Interest expenses	(2,402,653)	(3,062,016)	(5,953,294)	(3,341,812)
Net interest income	**4,504,738**	**4,233,745**	**8,873,471**	**5,923,994**
Fee and commission income	1,556,267	1,485,747	3,015,912	3,026,096
Fee and commission expenses	(580,913)	(497,043)	(1,100,004)	(906,019)
Net fee and commission income	**975,354**	**988,704**	**1,915,908**	**2,120,077**
Dividend income	9,189	4,628	9,486	5,236
Net trading income	87,009	3,854	73,343	97,198
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	11,880	4,880	34,100	(50,924)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	4,378	(51,352)	(50,941)	(91,548)
Other operating income	339,354	142,622	317,712	265,162

	The first half of the year ended 30 June		Year ended 31 December	
	2024	2023	2023	2022 (R)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(217,947)	(349,850)	(1,076,778)	(817,972)
Costs of legal risk related to foreign currency loans	(2,404,044)	(2,348,680)	(4,908,205)	(3,112,265)
Overhead costs	(1,394,713)	(1,321,198)	(2,570,433)	(2,851,881)
Depreciation	(275,313)	(238,131)	(504,016)	(467,308)
Other operating expenses	(120,764)	(151,201)	(399,507)	(443,613)
Operating profit	**1,519,121**	**918,021**	**1,714,140**	**576,156**
Taxes on the Group balance sheet items	(367,128)	(372,720)	(743,552)	(684,175)
Profit / (loss) before income tax	**1,151,993**	**545,301**	**970,588**	**(108,019)**
Income tax expense	(467,537)	(418,008)	(946,530)	(594,508)
Net profit / (loss)	**684,456**	**127,293**	**24,058**	**(702,527)**
Net profit / (loss) attributable to:				
Owners of mBank S.A.	684,379	127,337	24,054	(702,691)
Non-controlling interests	77	(44)	4	164

R – restated

Source: 2023 Consolidated Financial Statements (audited), H1 2024 Condensed Consolidated Financial Statements (unaudited)

Consolidated Statements of Comprehensive Income

	The first half of the year ended 30 June		Year ended 31 December	
	2024	2023	2023	2022
	(PLN thousands)		*(PLN thousands)*	
Net profit / (loss)	**684,456**	**127,293**	**24,058**	**(702,527)**
Other comprehensive income net of tax, including:	**180,582**	**623,046**	**987,085**	**(313,225)**
Items that may be reclassified subsequently to the income statement	***180,582***	***623,046***	***993,622***	***(316,696)***
Exchange differences on translation of foreign operations (net)	219	(12,144)	(36,667)	6,194
Cash flow hedges (net)	89,435	281,685	482,405	(296,666)
Cost of hedge (net)	(4,309)	(13,853)	(20,714)	27,105
Change in valuation of debt instruments at fair value through other comprehensive income (net)	95,237	367,358	568,598	(53,329)
Items that will not be reclassified to the income statement	***-***	***-***	***(6,537)***	***3,471***
Actuarial gains and losses relating to post-employment benefits (net)	-	-	(6,537)	3,471
Total comprehensive income (net)	**865,038**	**750,339**	**1,011,143**	**(1,015,752)**
Total comprehensive income (net), attributable to:				
Owners of mBank S.A.	864,961	750,383	1,011,139	(1,015,916)
Non-controlling interests	77	(44)	4	164

Source: 2023 Consolidated Financial Statements (audited), H1 2024 Condensed Consolidated Financial Statements (unaudited)

Consolidated Statements of Financial Position

	As of 30 June 2024	As of 31 December 2023	As of 31 December 2022 (R)
	(PLN thousands)	*(PLN thousands)*	*(PLN thousands)*
ASSETS			
Cash and cash equivalents	21,707,034	36,702,427	16,250,951
Financial assets held for trading and hedging derivatives	1,637,731	1,760,033	2,524,652
Non-trading financial assets mandatorily at fair value through profit or loss, including:	907,821	898,798	1,044,189
Equity instruments	*306,424*	*244,941*	*185,788*
Debt securities	*51,513*	*50,144*	*45,009*
Loans and advances to customers	*549,884*	*603,713*	*813,392*
Financial assets at fair value through other comprehensive income	37,452,641	36,965,077	35,117,450
Financial assets at amortised cost, including:	161,138,327	143,319,329	147,902,186
Debt securities	*28,949,932*	*23,323,690*	*19,002,527*
Loans and advances to banks	*11,577,948*	*7,119,059*	*9,569,629*
Loans and advances to customers	*120,610,447*	*112,876,580*	*119,330,030*
Fair value changes of the hedged items in portfolio hedge of interest rate risk	16,334	20,204	3,064
Non-current assets and disposal groups classified as held for sale	-	-	26,747
Intangible assets	1,763,204	1,701,939	1,391,707
Tangible assets	1,461,714	1,481,401	1,484,933
Investment properties	100,486	111,964	136,909
Current income tax assets	27,032	41,035	28,302
Deferred income tax assets	1,226,253	1,379,540	1,875,728

	As of 30 June 2024	As of 31 December 2023	As of 31 December 2022 (R)
	(PLN thousands)	*(PLN thousands)*	*(PLN thousands)*
Other assets	2,857,014	2,598,769	2,105,295
Total assets	**230,295,591**	**226,980,516**	**209,892,113**
LIABILITIES & EQUITY			
Financial liabilities held for trading and hedging derivatives	1,691,718	1,495,754	2,086,111
Financial liabilities measured at amortised cost, including:	204,720,136	203,458,575	190,567,661
Amounts due to banks	*3,231,573*	*3,315,302*	*3,270,223*
Amounts due to customers	*187,531,268*	*185,467,455*	*174,130,914*
Lease liabilities	*819,438*	*855,725*	*960,324*
Debt securities issued	*10,476,503*	*11,105,165*	*9,465,479*
Subordinated liabilities	*2,661,354*	*2,714,928*	*2,740,721*
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(545,286)	(565,985)	(1,528,582)
Liabilities included in disposal groups classified as held for sale	-	-	7,375
Provisions	3,384,924	2,345,584	1,362,259
Current income tax liabilities	203,177	201,184	571,456
Deferred income tax liabilities	-	-	-
Other liabilities	6,231,543	6,308,178	4,110,802
Total liabilities	**215,686,212**	**213,243,290**	**197,177,082**
Total equity	**14,609,379**	**13,737,226**	**12,715,031**
Total liabilities and equity	**230,295,591**	**226, 980,516**	**209,892,113**

R – restated

Source: 2023 Consolidated Financial Statements (audited), H1 2024 Condensed Consolidated Financial Statements (unaudited)

Items from Consolidated Cash Flow Statements

	The first half of the year ended 30 June		Year ended 31 December	
	2024	2023 (R)	2023	2022 (R)
	(PLN thousands)		*(PLN thousands)*	
Cash and cash equivalents at the beginning of the reporting period	36,702,427	16,250,951	16,250,951	12,540,599
Cash flows from operating activities	(13,962,351)	1,758,588	19,498,985	7,985,988
Cash flows from investing activities	(379,087)	(286,556)	(614,871)	(495,740)
Cash flows from financing activities	(659,617)	(1,335,354)	1,569,107	(3,783,916)
Effects of exchange rate changes on cash and cash equivalents	5,662	(6,144)	(1,745)	4,020
Cash and cash equivalents at the end of the reporting period	21,707,034	16,381,485	36,702,427	16,250,951
Net increase/decrease in cash and cash equivalents	(15,001,055)	136,678	20,453,221	3,706,332

R – restated

Source: 2023 Consolidated Financial Statements (audited), H1 2024 Condensed Consolidated Financial Statements (unaudited)

Key Financial Ratios

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

	As of and for the first half of the year ended 30 June		As of and for the year ended 31 December	
	2024	2023	2023	2022
	(per cent.)			
ROE gross	16.1	8.1	7.1	-0.8
ROE net	9.6	1.9	0.2	-5.3
ROA net	0.61	0.12	0.01	-0.34
Cost to income ratio (C/I)	28.7	30.0	28.5	42.2
Net interest margin (NIM)	4.4	4.1	4.2	3.7
Non-performing loans ratio (NPL ratio)	4.3	4.1	4.2	4.0
NPL ratio – corporate portfolio	4.9	4.6	4.7	4.8
NPL ratio – retail portfolio	4.1	3.9	4.0	3.5
NPL ratio of mortgage loan portfolio to private individuals (Poland)	2.3	2.2	2.4	2.1
NPL ratio of mortgage loan portfolio in PLN to private individuals (Poland)	1.12	0.95	1.05	0.79
NPL Coverage ratio	54.2	53.3	54.7	52.2

	As of and for the first half of the year ended 30 June		As of and for the year ended 31 December	
	2024	2023	2023	2022
	(per cent.)			
Cost of risk	0.37	0.62	0.93	0.69
Loan-to-deposit ratio	64.6	67.0	61.2	69.0
Equity to assets	6.3	6.3	6.1	6.1
Liquidity Coverage Ratio (LCR)[1]	213	199	217	186
Net Stable Funding Ratio (NSFR)[2]	152	154	157	150

[1] *Liquidity Coverage Ratio (LCR) – a relation of liquid assets of the liquidity buffer to the expected net outflows within 30 calendar days.*

[2] *Net Stable Funding Ratio (NSFR) – a relation of own funds and stable liabilities ensuring stable financing to illiquid assets and receivables requiring stable financing."*

DESCRIPTION OF THE GROUP

Overview

The Group is one of the largest financial services groups in Poland providing retail, corporate and investment banking as well as other financial services. The Group's leading positions are confirmed by data published by the KNF and the NBP, as well as by Puls Biznesu reports. As of 30 June 2024, 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 (*Source: mBank estimates)*. Furthermore, the Group has leading positions in Poland in mobile and internet banking, brokerage, factoring and leasing and distribution of insurance products (*Sources: Puls Biznesu, the Warsaw Stock Exchange, the Polish Factors Association, the Polish Leasing Association*).

Despite strong competition in the Polish financial sector, the Bank's client base in terms of numbers of customers has grown almost entirely organically, reaching 5,715,926 retail customers (including 1,101,950 in the Czech Republic and Slovakia) and 34,546 corporate customers as of 31 December 2023. In the first half of 2024, the number of retail customers was 5,678,793 (including 1,102,606 in the Czech Republic and Slovakia). A decline in the number of retail customers in the first half of 2024 was driven by closing of inactive accounts. The number of corporate customers as of 30 June 2024 reached 35,729.

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 a 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 its Polish business 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.

As of 30 June 2024, the Bank's distribution network in Poland included: (i) its own organically grown countrywide retail network of 127 locations of mBank branded outlets and 179 outlets comprising mKiosk outlets, mFinanse Financial Centres and agency service points; as well as (ii) 29 corporate branches and 14 corporate offices.

The Bank continually seeks to optimise its branch network, taking into account the economic rationale for operations of particular outlets. 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 (renamed as "**BRE Bank**" from 23 March 1999). The State Treasury of the Republic of Poland and the NBP were among its founding shareholders. The Bank was originally dedicated solely to serving corporate customers and focused on granting foreign currency loans to Polish exporters for the purchase of investment goods and technology.

Following its initial public offering in 1992, under which the State Treasury of the Republic of Poland sold a portion of its shareholding, the Bank's shares were admitted to trading on the regulated market operated by the WSE.

In 1994, the Bank signed a strategic partnership agreement with Commerzbank, which purchased 21 per cent. of the Bank's shares. Subsequently the Bank's share capital was increased. As at the date of this Base Prospectus, Commerzbank holds shares representing 69.1 per cent. of the Bank's share capital and of the total number of votes at the Bank's General Shareholders' Meeting.

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

In 2000, the Bank started its retail operations by launching mBank, a fully internet-based bank, which was a pioneering project in the Polish market. During the first decade of the 21st century, it managed to become one of the leading online banks in Poland in terms of the number of accounts and developed a network of small branches (*Source: Puls Biznesu reports dated 13 March 2024, 14 March 2024, 2 April 2024, 11 June 2024 and 12 June 2024*).

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. As of 30 June 2024, the Bank provided services to 1,102.6 thousand customers in the Czech Republic and Slovakia through its internet and mobile platforms and 45 branches.

The rebranding of the "BRE Bank" and "MultiBank" brands as the "mBank" brand on 25 November 2013 represented a significant milestone for the Group; and "mBank" branding has subsequently been used in every market and in every area of the Bank's operations. As part of the rebranding process, most Group companies have also changed their names by adding the prefix "m". The principal objective of the rebranding was to create a coherent banking offer across all businesses previously represented by distinctive brands, including BRE Bank, mBank, MultiBank as well as BRE Private Banking & Wealth Management.

In 2014, the Bank entered into a strategic co-operation arrangement with the AXA Group. In March 2015, the Group sold its insurance subsidiary, BRE Ubezpieczenia TUiR, to the AXA Group and entered into agreements with the AXA Group which regulated long-term co-operation between the Bank and the AXA Group for the distribution of life and non-life insurance products. In April 2021, AXA companies co-operating with mBank were incorporated into the UNIQA Group. mBank continues to develop co-operation with UNIQA in the field of bancassurance.

In October 2015, the Bank conducted a successful migration of customers of the former MultiBank and customers of BRE Private Banking & Wealth Management to the Bank. Approximately 630,000 customers, along with their products and full transaction history, were moved onto the Bank's new platform.

Since mid-2016, the Bank has been guided by its "Mobile Bank" strategy, which was based on three pillars and forms a framework for the Bank's business initiatives and operational activities. These pillars are client-centricity (empathy), developing the Bank's competitive advantage in the area of mobility and continued efficiency improvements.

In 2017, the Bank funded its mAccelerator project by purchasing PLN 221.2 million of investment certificates in the Future Tech FIZ Closed-End Investment Fund (the "**Fund**"). The Fund is the Bank's EUR 50 million venture capital fund, launched in June 2017. As of 30 June 2024, 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 startups 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 small and medium-sized enterprises ("**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 S.A. ("**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 Directive (EU) 2015/2366 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC ("**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**"). The company was founded on 8 April 2021. The Bank acquired 100 per cent. of the shares of mTFI, representing 100 per cent. of the voting rights. From the beginning of 2023, the Group started to consolidate mTFI, which started its operating activities.

On 29 October 2021, the Management Board of mBank adopted, and the Supervisory Board approved, the Group Strategy. ESG aspects are an integral part of the Group's activity and they are reflected and embedded in the Group Strategy.

At the mid-point of the implementation of is strategy, in December 2023, the Group updated and redefined its ESG goals in order to further integrate them into the Group's priorities and activity, risk and management processes.

Competitive Strengths

Leading Market Position across Key Segments

As of 31 December 2023, the Group's market share in total assets of the Polish banking sector was 7.5 per cent. (compared with 7.7 per cent. as of 31 December 2022) according to monthly data published by the KNF. The Group has a leading position in retail, corporate and investment banking in Poland (*Source: the NBP*).

As of 30 June 2024, the market share of the Group in total loans to the non-financial sector in Poland was 7.8 per cent. (7.9 per cent. as of 31 December 2023), while the Group's market share in total deposits of the non-financial sector in Poland was 8.7 per cent. (compared with 9.0 per cent. as of 31 December 2023), in each case according to monthly data published by the NBP on the assets and liabilities of monetary financial institutions.

As of 30 June 2024, the Group's market share in retail loans in Poland was 7.7 per cent. (8.3 per cent. in mortgage loans and 6.8 per cent. in non-mortgage loans) compared with 7.9 per cent. as of 31 December 2023 (8.4 per cent. in mortgage loans and 7.0 per cent. in non-mortgage loans), according to the Monetary and financial statistics published by the NBP. As of 30 June 2024, the Group's market share in retail deposits in Poland was 8.3 per cent. (compared with 8.4 per cent as of 31 December 2023) according to monthly data published by the NBP on the assets and liabilities of monetary financial institutions.

As of 30 June 2024, the Group's market share in corporate loans and corporate deposits in Poland was 8.2 per cent. and 10.4 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. Based on the NBP monthly report "Information on banks' activity and financial markets", mBank's market share in Treasury bills and bonds as a dealer was 11.7 per cent., while in IRS/forward rate agreement ("**FRA**") 14.7 per cent. as of 30 June 2024.

Mobile banking icon

mBank remains the leader in mobile banking in Poland (*Source: Puls Biznesu report dated 12 June 2024*). Nominally, the Bank has the second largest number of active users of mobile applications according to the Puls Biznesu report dated 11 June 2024, but it has the highest share of active users of mobile applications in relation to retail customers. As of 30 June 2024, the number of active users of mBank's mobile application was 3,730,000 including 3,242,000 in Poland (compared with 3,646,000 users, including 3,168,000 users in Poland, as of 31 December 2023). Moreover, the number of monthly active users ("**MAU**") amounted to 3.4 million.

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 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. For example, the number of logins to mobile applications exceeded the number of logins to transactional services. The growth of sales in digital channels is significantly higher than the dynamic of business growth in general. Increasing numbers of customers take out cash loans through the mobile application. The share of non-mortgage loans sold through the mobile application in relation to overall sales of non-mortgage loans increased to 63 per cent in the first half of 2024.

mBank's investment platform - the Investment Fund Supermarket - is available in the mBank mobile application. Personal Finance Manager ("**PFM**") is a tool available in mBank's mobile application that helps clients manage their budget. The number of users of PFM reached an average of 1.6 million in the first half of 2024. mBank has also expanded its offer of mobile wallets as the popularity of mobile cards has been growing year by year. All stand-alone insurance products, including car, home, travel, and health and life insurance for clients and their close ones, are available in the mBank mobile application.

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. In the first half of 2024, 89 per cent. of processes in the retail banking area were initiated by the clients in digital channels. 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 value the availability of financial services via remote channels (contact / interaction via chat, call centre and video calls) and the facilities that mBank provides for customers with disabilities (e.g. sign language communication).

Favourable demographics

mBank's innovative and unique business model puts the Bank in a good position to target young, aspiring, tech-savvy clients.

Thanks to its digital approach from the start, mBank has been able to acquire younger customers located in larger cities compared with other Polish banks. The acquisition of young customers is expected to be a strong factor in future higher profitability as it gives the Bank a higher probability to be a first-choice bank when it comes to such customers' serious financial decisions as they age.

mBank's average client age is well below the age at which a bank's revenue per client reaches its maximum. 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 wealthy demographic.

As of 30 June 2024, the Group's retail customer base reached 5,679 thousand, including 4,576 thousand in Poland.

Strong corporate and investment banking business

The strong position of the Bank's corporate and investment banking business in Poland results primarily from its comprehensive offering of financial products and services, diversified distribution channels, including a branch and office network exclusively dedicated to corporate customers and an integrated mBank CompanyNet internet platform, as well as long-standing relationships with its customers. In addition to its standard range of corporate banking products and services, the Bank provides tailor-made product solutions to meet the increasingly complex demands of its clients.

The Bank also operates a modern customer relationship management ("**CRM**") system which enables it to perform comprehensive analyses of corporate customers' potential and needs for banking products and services. The tool effectively supports the Bank's increasing cross-selling activities.

The Bank's comprehensive cash management offer supports long-term relationships with clients. The Bank offers state-of-the-art solutions to facilitate planning, monitoring and management of most liquid assets, cash processing and electronic banking.

The Bank's investment banking functions are integrated with its corporate banking functions in order to offer to its corporate clients fully integrated commercial banking products, services and solutions along with its investment banking services, such as ECM, DCM and M&A advisory services, and to build potential for the future extension of its integrated corporate and investment banking offer to medium-sized corporate clients. The Bank's investment banking products and services, as well as commercial lending products, structured finance and market risk hedging instruments complement its core transactional banking products offered to corporate clients. The Bank introduces new products to the offer on a regular basis and pays special attention to providing remote access to its services.

The Group's corporate customer base has grown from 33,025 clients as of 31 December 2022 to 34,546 clients as of 31 December 2023 and 35,729 as of 30 June 2024.

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 a real-time, event-driven CRM system 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, the Bank regularly improves its offering 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 24 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 800+" benefit online. Further benefits include additional services, such as mOkazje (mDiscounts). Moreover, mBank and Morele.net signed a strategic partnership in June 2024 to build an online shopping platform, which is currently in its pilot phase.

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.

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 methodologies and procedures for 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. Despite the difficult macroeconomic environment in 2023, the NPL ratio of the Group increased only marginally. At the end of 2023, the NPL ratio in the Group was 4.2 per cent., while, according to the KNF data, the average NPL ratio of the Polish banking sector was 5.4 per cent. As of 30 June 2024, the Group's NPL ratio was 4.3 per cent compared with 4.1 per cent. as of 30 June 2023.

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

Experienced and dynamic management team driving a culture of innovation

The Management Board comprises bankers with extensive experience of working in Polish and international financial institutions. The senior management team has a strong track record and has been instrumental in the development of the Bank's business model, its culture of innovation and in delivering the Group's high levels of profitability on a consistent basis.

The Management Board and the Supervisory Board of the Bank apply "The Policy for the Assessment of Qualifications (Suitability), Appointment and Dismissal of Members of the Bank’s Body at mBank S.A. and Brokerage Office authorities." The Policy introduced minimum role requirements, which must be fulfilled so that key functions in the Bank are held by individuals who have relevant qualifications, knowledge, skills, professional experience and reputation. The Group's management strategy has helped the Group to maintain its leading position in the Polish banking market while consistently improving revenues 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: as at the date of this Base Prospectus, 36 per cent. are below the age of 35. They are well-educated: as at the date of this Base Prospectus, 82 per cent. are graduates of higher education institutions. Many employees undertake post-graduate and MBA studies, thus acquiring new professional qualifications. The Bank has launched many programs and initiatives aimed at supporting its employees and teams, including a programme designed to teach employees the key competencies required in a more technologically advanced bank. These are: database competences, cybersecurity, critical thinking, AI, machine learning ("**ML**") and robotisation, cloud solutions and creativity and innovation.

Having highly motivated and involved employees, decisions made and more responsibility at lower levels of the organisation and an organisational culture based on openness, trust and empathy represent an important competitive advantage for the Bank.

The Ethics Officer helps to develop ethical standards for the Bank and co-ordinates their execution by issuing opinions on motions tabled to the Management Board and providing education to employees and supporting them in resolving ethical dilemmas.

The Group supports employee motivation through its 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 employees, 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 69.1 per cent. of the Bank's share capital and of the total number of votes at the General Shareholders' Meeting.

Commerzbank is a leading German bank for medium-sized enterprises (*Mittelstand*) and a strong partner for around 25,500 corporate client groups and almost 11 million private and small-business customers in Germany. Its two business segments, Private and Small-Business Customers and Corporate Clients, offer a comprehensive portfolio of financial services. Commerzbank transacts approximately 30 per cent. of German foreign trade transactions (*Source: https://www.commerzbank.com/corporateclients/*) and is present internationally in more than 40 countries in the corporate clients' business. The bank focuses on German medium-sized enterprises (*Mittelstand*), large corporations and institutional clients. As part of its international business, Commerzbank supports clients with a business relationship to Germany, Austria or Switzerland and companies operating in selected future-oriented industries. In the Private and Small Business Customers segment, Commerzbank serves its customers through the brands "Commerzbank" and "comdirect", via online and mobile channels, in the advisory centre, and personally in its branches.

In the domestic market in Germany, Commerzbank manages its branch network 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, for example, 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, co-operation primarily concerns the exchange of experiences relating to the implementation of new European regulations (for example, product development, risk management and access to global capital markets). Moreover, in March 2018 the Bank obtained funding from Commerzbank under a subordinated loan in the amount of CHF 250 million. The loan will mature on the 10th anniversary of the drawdown, with the option for mBank to prepay the loan on the last day of each interest period following the fifth anniversary of the drawdown, subject to the permission from the KNF.

Strategy of the Group for 2021-2025

On 29 October 2021, the Management Board of the Bank adopted, and the Bank's Supervisory Board approved, the Group Strategy.

When preparing the Group Strategy the Group took into account expected economic and market conditions, regulatory requirements, technological progress, the evolution of consumer behaviour, local constraints and internal conditions. With rapid changes in most of these elements over the last two years, supplemented by unprecedented events affecting the Group's activities (including unparalleled monetary policy tightening, unexpected government interventions like credit holidays or obligatory contributions to the BSF and IPS, an increasingly negative line of jurisprudence in CHF-related litigations for banks), a review of the Group Strategy was performed in 2023. As a result, the Management Board concluded that no modifications to the key elements of the current strategy are needed but decided to adjust selected targets and measures in response to the changed operating environment.

In an increasingly competitive market, with competition from new market entrants, fintechs and large IT companies, the Group believes that it should focus on fundamental banking values such as stability, security and secrecy. The mission statement of the Bank is defined as: "Convenient, secure, focused on your future... mBank – more than a mobile bank".

The Group Strategy focuses on five areas:

- **Retail banking**: The Group aspires to be a leading retail banking franchise integrated with the needs of customers in their life cycle. The Bank's successful organic growth is expected to be fuelled by the acquisition of new (primarily young) clients and the retention of the existing client base. The Group is organised around demographic segments to develop a complete offer and value proposition that responds to customers' needs arising at different phases of their life. The Group will focus on PFM tools, a comprehensive investment offering (via mTFI), mortgage lending to its transactional clientele (thanks to an enhanced underwriting process), and an ecosystem of non-banking services. With a reinforced mobile-first approach, the Bank's contact channels will focus on remote access and digital sales. The Bank will support entrepreneurs and small firms by providing them with industry-customised expertise and an integrated platform for managing their different business-related activities.
- **E-commerce**: The Bank aspires to be the preferred bank for merchants and online shops, as well as a favourite platform for customers making on-line purchases. The Group wants its payment integrator, Paynow, to gain a significant share in processing transactional volumes. The Group is planning to extend the range of value-added services and financing tailored for online sellers with a view to increasing the importance of their relationships with mBank and to cooperate with them in the most important parts of their e-commerce activity.
- **Corporate banking**: The Group wants to grow its corporate banking business, optimising exposures towards higher profitability. The Group will initiate, develop and intensify cooperation with companies from prospective industries and the fastest growing sectors of the economy, in alignment with the Group's ESG strategy. The Group is increasing its focus on the SME segment to benefit from its progressing e-commerce offering. The Bank seeks to provide a premium end-to-end digital banking experience for corporates in Poland in order to further improve customer satisfaction and internal efficiency. The Bank will also redesign its credit process to make it support business development as well as ensuring a prudent level of risk costs. In parallel, the Group intends to strengthen relationships with its customers through additional knowledge-based services and through the assistance of top-rated advisers and in-depth industry expertise.
- **Technology, security and data**: One of the Group's primary goals is to provide to customers high quality services and solutions delivered with high availability and security. By being cloud-ready, the Group will maintain its technological advantage in the financial sector, which should in turn boost flexibility, foster innovation in business applications, shorten time-to-market and enlarge the scalability of used technology. The Bank will strive to prioritise continuous development of a multi-layer cybersecurity defence model and data secrecy. The Bank aims to offer the highest possible security with respect to its mobile application and to deliver the most secure and client-friendly identity confirmation process across all digital channels. At the same time, the Group plans to employ artificial intelligence and data science to support the creation of innovative customer products and better risk assessments, as well as to increase the effectiveness of internal systems and workflows.
- **Employees and culture**: The Group aims to create a culture where cooperation is based on trust, with the intention to give people a comfortable space to experiment, innovate and make bold decisions. The Group is planning to develop a best-in-class hybrid work environment. The Bank's managers will acquire practical skills in managing distributed teams, while the employees will take advantage of new communication and collaboration technology. The Group will make employee capabilities a competitive advantage for the Group through a strengths-based approach to leverage individual talents and focus on future skills needed for the organisation to succeed. The Group will amend the remuneration scheme to make it attractive from the employee perspective.

Strategic financial targets of the Group for 2025

The Group seeks to maintain its position among the top Polish banks not only in terms of business growth but also in key financial metrics.

The Group aims to optimise the balance sheet of the Group from both profitability and structural perspectives by increasing the share of higher yielding assets (retail and SME loans) and maintain diversification of funding sources (in terms of maturity, currency and products). The Group plans to remain an active issuer in the international debt capital markets, but with issuances limited to the size and frequency required for the Group to fulfil its MREL requirement.

Incorporating a new set of macroeconomic parameters as well as other factors impacting the business, volumes, operations and resources, the strategic financial goals of the Group were updated in 2023. The Group intends to maintain excellent operational efficiency, ensure stability, achieve specified growth rates and provide satisfactory profitability. The Group's activities will be focused on meeting the following targets:

Efficiency

- Cost/Income ratio ("**C/I**"): below 40 per cent. in 2025.

Stability

- Tier 1 capital ratio: year-end level at least 2.5 per cent. above the KNF minimum requirement.
- Cost of risk ("**COR**"): ~0.80 per cent. in the mid-term perspective.

Growth

- Average annual growth rate ("**CAGR**") between 2021 and 2025 at:
  ~3 per cent. for loans,

  ~6 per cent. for deposits, and

  ~4-5 per cent. for total revenues.

Profitability

- Net interest margin ("**NIM"):** above 3.0 per cent. in 2025.
- Return on equity ("**ROE**"): ~14 per cent. in 2025.

The above targets and strategic goals do not constitute a forecast or estimate of results, but rather provide information on the planned areas of the Group's activities and potential directions of development for 2021-2025.

The financial targets for 2025 reflect a base scenario for the Group's development, and they may be affected both positively and negatively by a number of factors, with positive factors including:

- introduction of inflationary adjustment of fees and commissions for retail clientele and more stringent management of fee expenses,
- a full-scale entry into e-commerce segment via partnerships and a launch of marketplace platform,
- improved sentiment and better perception of Poland by foreign investors after a political shift in the country following the elections in 2023,
- unlocking EU funds for Poland and potential PLN appreciation, and
- normalization of the situation in the Polish judiciary system,

and with negative factors including:

- more adverse line of jurisprudence in CHF cases resulting in a need to book additional legal risk provisions,
- faster and bigger interest rate cuts than assumed in the financial plan,
- deterioration of macroeconomic conditions (lower GDP growth, high unemployment rate, lack of private investments) and unfavourable market development (PLN depreciation) impacting business volumes and risk profile,
- persistent inflation and tight labour market putting pressure on cost base,
- further government interventions causing disruption to local economy and the banking sector,

- excessive customer protection, supervisory guidelines and new regulatory requirements, and
- growing competitive pressure, both from other banks and new players, undermining revenues.

ESG strategy of the Group

ESG considerations impact the Group's activities and are therefore reflected in the Groups Strategy. In December 2023, the Group redefined its ESG goals in order to further integrate them into the Group's priorities, activities and risk and management processes. The Group is aware of its responsibility to comply with core ESG values. Since October 2022, the Group has been a member of the Science Based Targets initiative ("**SBTi**"), which helps companies set decarbonisation targets that are in line with the current state of scientific knowledge on climate change.

The Group aims to reduce greenhouse gas ("**GHG**") emissions generated directly by it and indirectly by the credit portfolio financed by the Group. The Group's goal is to become net zero in its own operations (scope 1 and 2) by 2040. The Group will use SBTi methods to set decarbonisation targets and transform its loan exposures to reach net zero (scope 3) by 2050. For example, the Group is encouraging its clients to use products and services which promote sustainability and the energy transition and excluding certain clients financing specific projects, focusing on green projects and helping existing clients modernise and reduce carbon footprint though loans.

The Sustainable Development Committee of the Group, which is headed by the Vice-President of the Management Board, Chief People and Regulatory Officer, supervises the Group's ESG management, monitors ESG-related KPIs, oversees green bond issuances by Group entities and carbon footprint calculations and facilitates the implementation of the EU taxonomy for sustainable activities and non-financial reporting.

The Group's strategic ESG goals and measures are presented below:

<u>Environmental pillar</u>

Strategic goals, measures and targets	*Strategic goals, measures and targets*
Reducing GHG emissions of mBank's loan portfolio, steered by SBTi as the most prominent driver to become net-zero	To transform the loan portfolio to reach net zero by 2050
Partnering with the clients by offering products and services to stimulate their sustainable and green activities	- provide PLN 10 billion of green financing by the end of 2025, including PLN 5 billion from mBank and PLN 5 billion from other sources such as consortia and green bonds issues arranged for clients - increase the yearly sale of mortgage loans for real estate compliant with the “Nearly Zero Energy Building minus 10 per cent.” standard to 14 per cent. in 2024 and 18 per cent. in 2025 of mBank's mortgage loan sales - offer at least 50 per cent. of investment solutions managed within the Group promoting environmental or social characteristics (“light green” products in line with Art. 8 of SFDR) by 2025 - issue green bonds as defined in the Green Bond Framework worth PLN 5 billion till 2025
Limiting own GHG emissions by decarbonizing our operations	- become net zero in own operations by 2040, with a minimum 80 per cent. of the electric energy purchased for the needs of the Bank coming from renewable sources from 2023 onwards

<u>Social pillar</u>

Strategic goal, measures and targets	*Strategic goal, measures and targets*
Providing an attractive work environment that ensures diversity, equity and inclusion	- ensure gender balance in the succession programme for selected positions (at minimum 45 per cent. of a

		given gender) and reduce the pay gap (keeping it below 5 per cent.)
Ensuring balanced gender representation in the Group	-	increase the level of gender representation in managerial bodies of mBank's main subsidiaries to 40 per cent. by the end of 2026.
Making social impact through fostering financial health and education of our clients	-	continue financial education and promote the responsible management of personal finance among clients by growing the number of users of dedicated functionalities in mBank's mobile and internet services

Governance pillar

Strategic goal, measures and targets		*Strategic goal, measures and targets*
Integrating environmental, social and governance risks with risk management	-	incorporate ESG into credit and Internal Capital Adequacy Assessment Process documentation, and perform materiality assessment of ESG risks each year
Enhancing corporate governance by ESG aspects	-	set the 100 top performing managers (at the Bank and main subsidiaries) with goals related to ESG that carry a 10 per cent. weighting in their Objective and Key Results assessments
Promoting transparency and ESG standards among business partners of the Group	-	have 70 per cent. of eligible partners and suppliers (under central purchasing process) to be compliant with the 10 Principles of the UN Global Compact by 2025

Operations

The Group offers a broad range of retail, corporate and investment banking services and products to individual retail customers, micro-businesses, small and medium-sized companies, large corporations, non-banking financial institutions and public sector entities (including large and medium-sized local governments).

The Group conducts its business through different business segments, which offer specific products and services targeted at specific client groups and market segments.

The Group currently conducts its operations through the following business segments:

- The Retail Banking segment, which offers a full range of the products and services to individual customers, including Private Banking customers and micro-businesses. The key products and services offered to customers in this segment include lending products (mortgage loans, overdrafts, cash loans, car loans and credit cards), deposit products (current and savings accounts, term deposits), debit cards, insurance products, brokerage services, investment advice, asset management services and leasing services. The financial 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, mFinanse CZ s.r.o., mTFI, mFinanse SK s.r.o., LeaseLink Sp. z o.o. ("**LeaseLink**") as well as the results of retail segments of mLeasing Sp. z o.o. ("**mLeasing**"), Asekum Sp. z o.o. ("**Asekum**"), mElements and mBH.

- 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 revenue from foreign exchange risk management. This segment includes the results of the following subsidiaries: mFaktoring S.A. ("**mFaktoring**"), as well as the results of corporate segments of mLeasing, Asekum and mElements. In 2023, the segment also included the results of mBH until its activities related to the corporate area were carved out and transferred to mBank on 18 May 2023.

- The Treasury and Other segment consists primarily of treasury and money markets operations, liquidity and interest rate risks management of the Bank and its investment portfolio. The results of the segment include the results of internal settlements of fund transfer pricing, the results of items classified as hedge accounting and results not allocated to other segments. This segment includes also the results of mLeasing and mBH with regard to activities concerning funding and the results of Future Tech Fundusz Inwestycyjny Zamknięty.

- The FX Mortgage Loans segment (non-core segment) consists primarily of foreign currency mortgage loans with indexation clauses granted to individual customers. These types of loans are no longer offered to customers. The segment's assets include only the portfolio of active mortgage loans originally granted in foreign currencies (mainly in CHF, EUR and USD). The segment's liabilities do not include the financing of the portfolio of such loans, which was included in the liabilities of other segments.

The table below shows the profit (loss) before income tax of the Group's segments for the periods indicated.

Profit / (loss) before income tax

	The first half of the year ended 30 June		**Year ended 31 December**	
	2024	**2023**	**2023**	**2022**
	(PLN thousands)		*(PLN thousands)*	
Retail Banking	2,016,660	1,655,535	3,502,655	1,042,703
Corporate and Investment Banking	1,434,949	1,194,697	2,270,793	2,060,607
Treasury and Other	135,951	107,336	214,992	10,030
FX Mortgage Loans	(2,435,567)	(2,412,267)	(5,017,852)	(3,221,359)
Total	**1,151,993**	**545,301**	**970,588**	**(108,019)**

Source: 2023 Consolidated Financial Statements (audited), H1 2024 Condensed Consolidated Financial Statements (unaudited)

The tables below present the main items of the consolidated income statement of the Group for the six month periods ended 30 June 2024 and 30 June 2023, divided into the core business and the non-core business (i.e. the FX mortgage loans segment).

Business segment reporting: core business* and non-core business

	The first half of the year ended 30 June 2024			**The first half of the year ended 30 June 2023**		
Data regarding consolidated income statement	Core Business	Non-core business (FX Mortgage Loans)	Total figure for the Group	Core Business	Non-core business (FX Mortgage Loans)	Total figure for the Group
	(PLN thousands)					
Net interest income	4,494,866	9,872	4,504,738	4,225,053	8,692	4,233,745
Net fee and commission income	990,838	(15,484)	975,354	1,003,326	(14,622)	988,704
Dividend income	9,189	-	9,189	4,628	-	4,628
Net trading income	99,743	(12,734)	87,009	31,028	(27,174)	3,854
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	12,193	(313)	11,880	4,830	50	4,880
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	4,378	-	4,378	(51,352)	-	(51,352)
Other operating income	335,238	4,116	339,354	141,012	1,610	142,622
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(227,720)	9,773	(217,947)	(362,321)	12,471	(349,850)
Costs of legal risk related to foreign currency loans	-	(2,404,044)	(2,404,044)	-	(2,348,680)	(2,348,680)
Overhead costs	(1,377,448)	(17,265)	(1,394,713)	(1,292,271)	(28,927)	(1,321,198)
Depreciation	(274,693)	(620)	(275,313)	(237,718)	(413)	(238,131)

Other operating expenses	(118,928)	(1,836)	(120,764)	(150,774)	(427)	(151,201)
Operating profit	**3,947,656**	**(2,428,535)**	**1,519,121**	**3,315,441**	**(2,397,420)**	**918,021**
Taxes on the Group balance sheet items	(360,096)	(7,032)	(367,128)	(357,873)	(14,847)	(372,720)
Profit before income tax of the segment	**3,587,560**	**(2,435,567)**	**1,151,993**	**2,957,568**	**(2,412,267)**	**545,301**

Source: H1 2024 Condensed Consolidated Financial Statements (unaudited)

	Data regarding consolidated statement of financial position as of 30 June 2024			**Data regarding consolidated statement of financial position as of 31 December 2023**		
	Core Business	Non-core business (FX Mortgage Loans)	Total figure for the Group	Core Business	Non-core business (FX Mortgage Loans)	Total figure for the Group
	(PLN thousands)			*(PLN thousands)*		
Assets of the segment	227,543,885	2,751,706	230,295,591	223,230,796	3,749,720	226,980,516
Liabilities of the segment	212,673,995	3,012,217	215,686,212	211,370,728	1,872,562	213,243,290

Source: 2023 Consolidated Financial Statements (audited), H1 2024 Condensed Consolidated Financial Statements (unaudited)

Key financial ratios for the core business for the years ended 31 December 2023 and 31 December 2022 and for the six month periods ended 30 June 2024 and 30 June 2023 are presented below.

	As of and for the first half of the year ended 30 June		**As of and for the year ended 31 December**	
	2024	**2023 (R)**	**2023 (R)**	**2022**
	(per cent.)		*(per cent.)*	
ROE net[1]	40.3	37.5	36.5	22.1
ROA net[2]	2.5	2.2	2.2	1.3
Cost to income ratio (C/I)[3]	28.3	29.3	28.0	41.8
Net interest margin (NIM)[4]	4.5	4.2	4.3	3.9

[1] *Calculated by dividing net profit of the Core Business attributable to Owners of the Bank by the average equity of the Core Business attributable to Owners of the Bank. The average equity is calculated on the basis of the balances as of the end of each month. Net profit of the Core Business attributable to Owners of the Bank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).*

[2] *Calculated by dividing net profit of the Core Business attributable to Owners of the Bank by the average total assets of the Core Business. The average total assets are calculated on the basis of the balances as of the end of each month. Net profit of the Core Business attributable to Owners of the Bank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).*

[3] *Calculated by dividing overhead costs and depreciation of the Core Business by total income of the Core Business comprising: net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. Other income comprises gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).*

[4] *Calculated by dividing net interest income of the Core Business by average interest-earning assets of the Core Business. Net interest income excludes gains or losses on modification. Interest-earning assets are a sum of cash and balances with the Central Bank, loans and advances to banks, debt securities (in all valuation methods) and loans and advances to customers (net; in all valuation methods). The average interest-earning assets are calculated on the basis of the balances as of the end of each month. Net interest income is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).*

R- restated
Source: The Bank

Retail Banking

Retail Banking in Poland

Overview

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

As of 31 December 2023, the Group serviced 4,614.0 thousand retail customers in Poland compared with 4,589.7 thousand as of 31 December 2022. As of 30 June 2024, the number of retail customers serviced in Poland reached 4,576.2 thousand.

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

	December 2019	**December 2020**	**December 2021**	**December 2022**	**December 2023**	**June 2024**
Number of clients (in thousands)	4,642.8	4,656.6	4,487.0	4,589.7	4,614.0	4,576.2

Source: the Bank.

As of 30 June 2024, gross loans and advances to customers of the Group's Retail Banking Segment in Poland amounted to PLN 61.68 billion and amounts due to retail customers in Poland were PLN 117.06 billion, in each case based on data from mBank's Controlling and Management Information Department.

As of 30 June 2024, the Group's market share in household loans and household deposits stood at 7.7 per cent. (8.3 per cent. in mortgage loans and 6.8 per cent. in non-mortgage loans) and 8.3 per cent., respectively (*Source: Monetary and financial statistics published by the NBP on 22 July 2024*), compared with the following as of 31 December 2023: 7.9 per cent. in household loans (8.4 per cent. in mortgage loans and 7.0 per cent. in non-mortgage loans) and 8.4 per cent in household deposits.

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

mBank Poland

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

The Group currently offers a broad range of products and services primarily targeted at young and aspiring professional customers who seek convenience and an integrated end-to-end experience in banking services. The Bank also has dedicated services for micro and small business clients. The services include online current and savings accounts (including foreign currency accounts); term deposits; lending products (retail mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit cards and other loan products); debit cards; insurance and investment products as well as brokerage services. Customers have access to all of the Bank's products and services, and can manage their products online with one integrated transactional internet platform. The Bank provides an "Investment Fund Supermarket" and an insurance portal through which customers can manage their investment products and buy insurance products. Individual clients and small and medium-sized enterprises also have access to mKantor, which allows customers to carry out foreign exchange transactions via a mobile application.

In the area of SMEs, the Bank offers, among other things, 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 account in 10 minutes fully online. 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 18 months.

mBank's offer includes open banking, which allows clients to see all their accounts (transaction history, account balance) together in one place, wherever they bank. The service is provided in accordance with EU PSD 2.

Distribution channels

The Bank uses the omni-channel model in its distribution model. It operates:

- modern mobile banking;
- cutting-edge online banking;
- a sales-effective call centre; and
- a top-quality service, mid-sized physical distribution network.

Mobile banking

mBank remains the leader of mobile banking in Poland. According to Puls Biznesu dated 11 June 2024, mBank has the second largest number of active users of mobile applications, but it has the highest share of active users of mobile applications in relation to retail customers. Since July 2017, the number of monthly logins with mobile devices has been higher than the number of monthly logins via desktops and laptops.

The significance of the mobile channel continues to rise. As of 30 June 2024, the number of active users of the mobile application in Poland reached 3,242 thousand compared with 3,046 thousand as of 30 June 2023. In the first half of 2024, the share of non-mortgage loans sold through the mobile application in relation to overall sales of non-mortgage loans increased to 63 per cent. from 60 per cent. in the first half of 2023 and 61 per cent. in 2023. In the first half of 2024, the number of MAU increased to 3,421 thousand from 3,306 thousand in the first half of 2023 and 3,375 thousand in 2023. The share of processes initiated by the clients via digital channels increased to 89.0 per cent. in the first half of 2024, up from 86.9 per cent. in the first half of 2023 and 87.3 per cent. in 2023. All stand-alone insurance products offered by the Bank can be purchased in its mobile application. In the first half of 2024, mBank's clients purchased 44 per cent. of stand-alone insurance products via the mobile application.

The Bank also provides a PFM, which is designed to help clients manage and understand their finances and household budgets.

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 more technologically inclined and is therefore more receptive to new methods of accessing banking services and products; and (iii) the digitisation of business processes, as a consequence of the Retail Banking Division's online, internet origins.

Key functionalities of mobile banking application include:

- fully remote account opening with e-ID or a selfie and agreement approved via a text message;
- logging in with a PIN code, fingerprint or Face ID;
- contactless payments with Google Pay and Apple Pay and "Safe online payments and shopping" insurance protecting clients from online scams;
- express transfers using telephone numbers and the BLIK system;
- reminders from Payment Assistant and scanning of data to the transfer form from the invoices;
- benefits (mDiscounts) for retail buyers and seamless shopping experience with one-click financing options (quick cash loan up to pre-approved limit),
- PFM, which allows for better planning and monitoring of personal budgets of mBank’s clients, and
- additional services, including paying for car parking in several dozen Polish cities by phone and the possibility to access public administration services from mBank’s transactional platform.

Internet

The Bank's technologically advanced integrated internet banking platform serves as its important distribution channel dedicated to retail customers. As an innovator in the market, the Bank has been constantly improving its internet transaction platform and launched the new mBank platform in 2013 with more than 200 new features, solutions and improvements, such as 24-hour assistance offered by online experts via video, voice or text chat, a mobile-enabled user interface, advanced and integrated personal financial management tools, redesigned customer-centric navigation and social media-integrated offers. Since 2018, the Bank refreshed the online banking platform in order to make it more flexible and easier to use. Through the Bank's internet banking platform, customers have access to many of the Bank's retail products and services, including, *inter alia*, accounts, deposits, investment products, brokerage services, cash, car and mortgage loans, insurance, FX platform the PFM, pension and comprehensive money transfer handling.

The Bank consistently implements new functionalities into its internet banking platform. In 2023, the Bank developed a new sales process for mortgage loans for individuals. The Bank adjusted its IT systems to be able to offer new solutions as part of the government programme "2 per cent. Safe Loan". In 2023 and in the first half of 2024, numerous functionalities were introduced as part of the PFM service.

Contact Centre

The Group has one Contact Centre in Poland in Łódź, providing high-quality service to the Bank's existing and potential clients. The Contact Centre operates 24 hours a day, seven days a week, 365 days a year. The scope of activities includes, among others, customer support for debit cards, credit cards and personal accounts; money transfers, providing information on the offers of the Group and selling selected products and services such as credit cards, cash loans, personal accounts and insurance products; and performing activation, anti-attrition and retention campaigns and processes.

Physical distribution network

As of 30 June 2024, the Bank's distribution network consisted of 127 locations of mBank-branded outlets and 179 outlets comprising mKiosk outlets, mFinanse Financial Centres and agency service points.

ATM network

The Bank's customers can use their Visa or MasterCard-branded cards to access their accounts and withdraw money or they can use the BLIK service in the Bank's mobile application to do the same. The ATM network of the Bank includes almost 5,000 PlanetCash devices and ATMs in the Bank's branches. In its own network, the Bank does not charge a fee for cash withdrawals provided that the amount is at least PLN 300. The Bank charges a fee for cash withdrawals from ATMs outside its own network.

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.

The Private Banking and Wealth Management segment offers standard banking products (flexible current accounts in złoty 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 clients of mBank's Private Banking, under an open product architecture, may use a wide range of over 700 investment funds, both Polish and foreign, open and closed, as well as support from our experts in the choice of funds to the portfolio.

In 2023, the Bank's Private Banking segment was recognised as the best in Poland by the Financial Times. Moreover, in 2023 and 2024 the Bank was distinguished by Euromoney as the best domestic private bank in Poland (*Source: https://www.mbank.pl/private-banking/25-lat-private-banking/nasze-nagrody/*). In addition, in 2024 the Bank was recognised by Euromoney as the best in Poland for discretionary portfolio management (*Source: https://www.mbank.pl/private-banking/25-lat-private-banking/nasze-nagrody/*).

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, consolidation loans, overdraft facilities and credit cards. The vast majority of unsecured loans are granted via digital channels (82 per cent. in 2023 and in the first half of 2024).

The Group offers residential mortgage loans in PLN. In August 2011, the Bank discontinued offering mortgage loans in CHF. The size of the CHF mortgage portfolio therefore decreases every year due to repayments and conversion of CHF loans into zloty following the court verdicts and settlements with the borrowers. From the beginning of 2021, foreign currency mortgage loans with indexation clauses granted to individual customers are included in a separate FX Mortgage Loans segment.

The Bank sales also mortgage loans to micro-businesses. In order to provide the Bank's customers with credit-related support programmes, the Bank signed agreements with leading European financial institutions (such as the European Investment Bank ("**EIB**") and the Polish government). The programmes include de minimis loan guarantees under an agreement with BGK and the EIB.

On the deposit side, the Bank focuses on savings and current accounts as well as term deposits. Customers interested in regular saving have access to a range of a retirement savings accounts and purpose savings accounts as part of the "My objectives" programme, which allows customers to set aside a fixed amount monthly or tiny amounts each time after payments, transfers or cash withdrawals from an ATM. To meet more sophisticated clients' needs, the Bank offers deposits with investment funds, which combine investments with saving.

The Bank offers a wide range of debit cards linked to personal accounts, pre-paid cards and credit cards issued in conjunction with Visa and MasterCard. Visa and MasterCard card holders can use the multi-currency service. Thanks to the multi-currency service, a debit card can be linked not only to a client's main PLN account, but also to FX accounts. mBank offers mobile wallets to individual and business clients. The popularity of mobile cards has been growing year by year. The details of such cards are available in the app, while mobile payment solutions allow clients to pay in stores or make ATM withdrawals.

The Bank entered into a strategic co-operation with leading banks in Poland relating to a joint standard for mobile payments. In response to the challenge of the ongoing mobile technology revolution, in 2015 mBank, together with five large national banks, launched the local mobile payment system BLIK. This allows customers to pay with their mobile phones in retail and online stores, as well as withdraw cash from ATMs and send P2P transfers. BLIK uses an open standard developed by Polish Payment Standard, a company formed by the Bank, Alior Bank, Bank Millennium, Santander Bank Polska, ING PKO Bank Polski and Mastercard. Since the launch of the BLIK mobile payment system in 2015, it has become the most-used payment method in e-commerce in Poland, ahead of payment cards. At the end of June 2024 the number of active users of BLIK (individuals who made at least one BLIK transaction per month) reached 2.22 million.

As of 30 June 2024, the number of debit cards issued by the Bank in Poland reached 4,457.1 thousand, while the number of credit cards issued by the Bank was 328.4 thousand. The value of payments made by mBank retail banking clients in Poland with cards and BLIK in the six months ended 30 June 2024 was PLN 60.1 billion, representing an increase of 18.0 per cent. compared to the six months ended 30 June

2023. The number of transactions made by mBank clients in the six months ended 30 June 2024 increased by 12.1 per cent. compared to the six months ended 30 June 2023.

The Bank's also offers customers 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 or set goals for the future. The open platform of investment funds is fully integrated with customer current accounts. It is available in the mBank mobile application. In April 2021, the Bank established its own investment funds management company, mTFI. mTFI started its operating activities at the beginning of 2023. As of 30 June 2024, mTFI's assets under management amounted to PLN 2.4 billion.

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 offerings of equity instruments, including shares, or debt instruments, as well as trades in derivatives. The Brokerage Bureau enables clients to trade in regulated markets in Poland and abroad as well as in the OTC (CFD) market.

The Group co-operates with UNIQA Group in the area of bancassurance. This co-operation includes the sale of insurance to mBank customers and focuses in particular on the stand-alone insurance segment including motor, travel, home and life insurance, as well as on the segment of products linked to banking products, e.g., loans. All stand-alone products (i.e. motor, home, travel, and life and health insurance) can be purchased in the Bank's mobile app.

Retail Banking in the Czech Republic ("mBank CZ") and Slovakia ("mBank SK", and together with mBank CZ, "mBank CZ/SK")

The Bank entered the Czech and Slovak market in 2007 as a retail internet bank. The product range includes both products and services for retail customers (current and savings accounts, deposits, credit and debit cards, mortgage and consumer loans as well as insurance), and for business owners (with overdrafts). The Bank in the Czech Republic and Slovakia promotes a self-service model, in which customers operate their account via a mobile banking application, internet and telephone banking, as the Bank's branches serve mainly as advisory centres for arranging mortgage loans.

As of 30 June 2024, the Bank's retail distribution network in the Czech Republic consisted of 13 financial centres and light branches as well as 17 mKiosks, while in Slovakia the Bank had 6 financial centres and light branches as well as 9 mKiosks.

The Bank's foreign operations continue to focus on the acquisition of new clients, further automation and digitalisation of processes and strengthening of non-mortgage lending. The mobile application is the most widely used distribution channel. As of 30 June 2024, the number of active users of mBank's mobile application in the Czech Republic and Slovakia was 488 thousand. In the first half of 2024, mBank has significantly strengthened its position as a leader in the payments area, in particular with the launch of a physical payment ring, which is a new payment method exclusively available in both markets for clients of mBank only.

As of 30 June 2024, the number of debit cards and credit cards issued by the Bank in the Czech Republic and Slovakia reached 874.7 thousand and 35.4 thousand, respectively.

As of 30 June 2024, mBank in the Czech Republic and Slovakia serviced 1,102.6 thousand customers (779.3 thousand customers at mBank CZ and 323.3 thousand customers at mBank SK).

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

	December 2019	**December 2020**	**December 2021**	**December 2022**	**December 2023**	**June 2024**
Number of clients (in thousands)	958.6	1,003.4	1,026.9	1,052.7	1,102.0	1,102.6

Source: the Bank.

As of 30 June 2024, mBank CZ/SK's gross loan portfolio was PLN 8.95 billion, including PLN 5.98 billion at mBank CZ and PLN 2.96 billion at mBank SK. Amounts due to customers in the Czech Republic and

Slovakia was PLN 16.64 billion as of 30 June 2024, including PLN 12.26 billion at mBank CZ and PLN 4.38 billion at mBank SK, according to data from mBank's Controlling and Management Information Department.

The Retail Banking segment includes the following subsidiaries:

- mBH (the retail segment of the company's activity);
- mFinanse;
- mFinanse CZ s.r.o.;
- mFinanse SK s.r.o.;
- mLeasing (the retail segment of the company's activity);
- Asekum (the retail segment of the company's activity);
- LeaseLink;
- mElements; and
- mTFI

Services Provided by Bank's Subsidiaries within Retail Banking

mBH

mBH is a specialised bank established and functioning under the Act on mortgage bonds and mortgage banks of 29 August 1997. mBH is the longest operating mortgage bank and the second largest issuer of mortgage bonds in Poland (*Source: https://bankiwpolsce.pl/po-niemal-30-latach-od-przywrocenia-instytucji-listow-zastawnych-w-polsce-obrot-nimi-ma-charakter-mniej-niz-symboliczny*). 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, mBH issues covered bonds both on domestic and foreign capital markets.

mBH's total assets amounted to PLN 10.1 billion at the end of June 2024. Approximately 90 per cent. of this amount was attributable to its portfolio of retail loans.

Following the transfer of the entire retail loan sales process to mBank from 22 July 2017, mBH sources retail assets through pooling transactions from mBank. In 2023, four pooling transactions totalling PLN 606.6 million were carried out in close cooperation with mBank. In the first quarter of 2024, two further pooling transactions were executed, adding PLN 715.6 million to mBH's balance sheet.

As of 30 June 2024, the value of outstanding mortgage covered bonds issued by mBH was PLN 6.1 billion (including private placements). Covered bonds issued by mBH 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 "Aa1" ratings assigned by Moody's Ratings to mortgage covered bonds issued by mBH.

mFinanse

mFinanse acts as a distribution agent and financial adviser for banking products and services. mFinanse entered into distribution agreements with the Bank and other banks and financial institutions operating in the Polish market. Under these agreements, mFinanse sells retail banking products through a distribution network (mKiosks located in shopping centres, stationary branches and outlets of credit partners). It gives clients a possibility to compare offers in a one place. Experts of mFinanse are available in approximately 180 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 including personal accounts, mortgage loans, consumer loans and credit cards, as well as business products, including accounts, credit cards, investment loans, working capital loans, leasing, mortgage loans and car loans. mFinanse also operates as an insurance agent. In the field of insurance intermediation, the company acts as an intermediary in servicing insurance products for mortgage and cash loans, accounts, cards and insurance for leasing, as well as in the field of property and personal and life insurance products.

mFinanse CZ s.r.o. and mFinanse SK s.r.o.

mFinanse CZ s.r.o. and mFinanse SK s.r.o. operate in the area of financial intermediation in the sale of banking products distributed by mBank's branches in the Czech Republic and Slovakia. They took over the tasks that were previously carried out by mBank's branches in these countries.

mLeasing

mLeasing 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. mLeasing participates in the "Mój Elektryk" (My Electric Car) programme. Through this programme, entrepreneurs who finance electric cars through mLeasing benefit from subsidies from the National Fund for Environmental Protection and Water Management.

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

Asekum

The company operates as an insurance agent, mainly in the field of insurance of assets leased. The Bank holds indirectly through mLeasing 100 per cent. of the shares of the company.

LeaseLink

The company offers leases for assets worth up to PLN 50,000. Its services are used by nearly 100,000 small and medium-sized companies. LeaseLink products are available in e-shops (including e-commerce market leaders) and major brick-and-mortar retail chains.

mElements

mElements is a tech company within the Group, which operates in the construction and development of IT solutions, including API solutions, online and mobile payments solutions and services dedicated to e-commerce online sellers, including the Paynow payment integrator. In 2019, mElements received from the KNF permission to operate as a National Payment Institution. mElements is a member of the Chamber of Electronic Economy, an association of the largest entities operating for the development of e-commerce in Poland.

mTFI

mTFI establishes and manages investment funds and provides portfolio management services to customers, which may include a portfolio of one or more financial instruments. In 2023 and in the first half of 2024, mTFI was focused on taking over a portfolio of investment funds created for mBank under a white label formula by external entities.

Corporate and Investment Banking

Overview

As of 31 December 2023, the Bank serviced 34,546 corporate customers (up by 1,521 corporate clients compared with 31 December 2022). Between January and June 2024, the number of corporate customers increased by 1,183 and reached 35,729 as of 30 June 2024.

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.

	December 2019	December 2020	December 2021	December 2022	December 2023	June 2024
K1	2,319	2,358	2,272	2,218	2,379	2,465
K2	8,211	8,862	9,740	10,329	10,607	10,933
K3	15,946	17,863	19,303	20,478	21,560	22,331
Total number of corporate customers	**26,476**	**29,083**	**31,315**	**33,025**	**34,546**	**35,729**

Source: the Bank.

The Group holds a strong position in the corporate banking segment in Poland. According to NBP data, as of 31 December 2023, the Group had a market share of 8.0 per cent. in corporate loans and 11.0 per cent. in corporate deposits. As of 30 June 2024, the Group's market share in corporate loans and corporate deposits was 8.2 per cent. and 10.4 per cent., respectively (*Source: Monetary and financial statistics published by the NBP on 22 July 2024*).

Distribution channels

Corporate clients are serviced through 29 corporate branches and 14 corporate offices located in the largest cities throughout Poland. Each corporate client is provided with full relationship banking services by a team of experts dedicated to developing the individual customer's relationship with the Bank and its respective subsidiaries. Each team comprises a client relationship manager responsible for each aspect of the customer relationship, a business analyst and product advisers from key product lines, as well as a risk officer. This business model allows the Group to provide its corporate clients with tailor-made products and services to support their business needs.

Corporate clients are also serviced by a modern, convenient and technically advanced online banking platform mBank CompanyNet, which allows them to monitor and manage accounts to execute transactions (such as domestic and foreign transfers, selected trade finance transactions, foreign exchange transactions, cash operations and deposits). The Virtual Branch is an integral part of the mBank CompanyNet system where clients can submit electronic applications to the bank in the key areas of bank-client interactions. In 2023, clients submitted nearly 80 per cent. of all application forms on their own via mBank CompanyNet.

For convenience and flexibility purposes, the Bank provides corporate clients with a mobile banking application, which it continually seeks to develop. Among other things, in 2023, a new currency exchange module was add to the mobile application and the Bank developed tools to communicate directly with clients. The popularity of mobile application solutions is constantly growing. Over 90 per cent. of mBank's corporate clients use the mobile 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 the mBank CompanyNet electronic banking system. The CompanyNet platform enables the digital onboarding of clients and gives clients access to most transactional banking products online, including access to bank accounts, cards and cash services. By using the platform, the Bank can confirm clients' identity remotely. This process can be used by all clients, regardless of their size and organisational complexity. In the first half of 2024, 87 per cent. of new accounts for corporate clients were opened online.

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, the Bank has been continuously enhancing its SME customer service processes and adjusting its product portfolio to client needs and the legal environment.

The Corporate Client Centre provides clients with support in everyday matters related to account management through Online Assistant or Interactive Voice Response. Online Assistant is a modern solution which the Bank launched to all corporate clients on the mBank CompanyNet platform. Online Assistant allows a client to communicate with the Bank safely, quickly and conveniently via text chat. Online Assistant significantly speeds up customer service at mBank, particularly in relation to questions on the products and services that the clients use on a daily basis. In the first half of 2024, the Corporate Client Centre handled nearly 11,000 interactions with corporate clients through the Online Assistant service.

Cash deposit machines for businesses

To address the needs of businesses and the market, mBank develops a service called the smart cash deposit machine. When integrated with a company's internal system and mBank's online banking, the solution allows for depositing cash and booking payments in real time without leaving the company's premises. Each product is tailored to the needs and nature of a given business. Furthermore, to address the unique demands of its clients, the Bank also offers a more complex machine consisting of a cash recycler which dispenses particular banknotes, and a cash deposit machine which allows clients to deposit their revenue.

eCommerce and the Paynow gateway

mBank intends to be the bank of first choice for clients who are dynamically growing their sales in both traditional and modern channels. Paynow is a fast, reliable and state-of-the-art gateway embedded in the cloud and connected to mBank's electronic banking systems. Clients can easily integrate the gateway with their online shops thanks to the API and plug-ins for major retail platforms.

Short-term and long-term financing

The Bank provides short-term financing through overdraft facilities and revolving loans, as well as comprehensive packages of short-term multi-product and multi-currency financing (an umbrella credit facility, including commercial working capital financing as well as a wide range of guarantees, and trade finance products).

The Bank offers tailor-made, long-term financing dedicated to customers' investments needs which is adjusted to the complexity, profile, scope, structure and tenor of specific projects.

The Bank also offers loans to clients in co-operation with BGK, EIB and other EU funds which are aimed at supporting SMEs and special types of investments (in compliance with the criteria of various EU funding programmes and priorities in relation to ESG and digital transformation initiatives).

The Bank supports the green transformation. In particular, the Bank finances solar energy investments and wind firms. For example, the Bank has been consistently increasing its financing of renewable energy sources ("**RES**") projects. The Bank originally identified an investment limit of PLN 0.5 billion for this purpose, but has been gradually increasing this limit along with the development of the solar energy and wind farm market. In June 2024, the amount allocated to RES projects grew to PLN 6.4 billion. At the end of June 2024, the Bank's RES portfolio, including the financing of solar energy projects and wind farms, amounted to PLN 4.6 billion.

In 2023, the Bank concluded an agreement with BGK so that that it could offer ecological credits, also known as "Ecological Loans", under the European Funds for the Modern Economy programme. Ecological Loans, which are subsidised by BGK, are offered to SMEs and large enterprises (small mid-cap and large mid-cap enterprises) hiring up to 3,000 employees which plan to modernise their existing infrastructure in order to increase energy efficiency through capital expenditures.

In the first half of 2024, the Bank offered financing to clients via sustainability linked loans ("**SLLs**"), which are loans related to sustainable development goals, for a total amount of PLN 1.8 billion. SLLs are one of many financial tools that motivate borrowers to pursue complex and clearly defined sustainable development goals as the underlying features of these loans are linked to the achievement by the borrower of specific KPIs, which are regularly monitored and assessed by independent institutions. Borrowers report annually on their progress against these KPI to the relevant lender.

Loans with Export Credit Insurance Corporation guarantees for financing domestic investments of Polish exporters

The Bank entered into an agreement with the Export Credit Insurance Corporation which allows clients to take loans for exporters to strengthen their production capacity and use payment insurance guarantees. The guarantees mitigate the risk associated with the loan and can be used by companies that are already exporters or plan to operate on international markets.

Structured finance, project finance, syndicated loans

As part of the Corporate and Investment Banking segment, the Bank offers structured and mezzanine financing, in particular, for mergers and acquisitions and investment projects, including renewable energy projects (wind farms and photovoltaic).

Investment banking and market risk hedging instruments

Investment banking and hedging instruments complement the core transactional banking products and services offered to corporate clients. The Group offers to its corporate clients ECM services and M&A advisory services with regard to both private and publicly traded companies. The Group offers debt origination and primary and secondary market trading in a wide range of corporate bonds of various tenors. In addition, the Bank may participate in raising funds required for M&A purposes. The Group also offers its corporate clients corporate finance services, including economic and financial analyses of companies, valuations of companies, assessments of investment projects, equity research, preparation of business plans, business due diligence processes and fairness opinion analysis.

The Bank also provides a wide range of brokerage services and financial advice with regard to equity and debt capital markets transactions. In addition to advisory services, the Bank also offers soft underwriting services for the above types of capital markets transactions.

The Bank provides its customers with market risk hedging instruments (FX, IR and derivative instruments hedging against price fluctuations for commodities and raw materials). Market risk hedging instruments enable corporate clients to manage their foreign exchange, interest rate and commodity risk through the use of derivative instruments such as interest rate swaps, FX forwards, FX and IR swap transactions, FX and IR call and put options and various option strategies. The Bank's liquidity management and investment products include negotiable term deposits, debt securities and sell/buy-back or repo transactions.

The Group holds a strong market share in selected investment banking services. The core products and services provided by the Bank to non-bank financial institution clients include liquidity management, treasury bonds and debt securities, as well as hedging instruments and custody services.

As of 30 June 2024, the Bank had a market share of 11.7 per cent. in treasury bills and bonds and 14.7 per cent. in IRS/FRA contracts (*Source: NBP monthly report "Information on banks' activity on financial markets" dated August 2024*). The Bank also carries out placements of debt securities for corporate clients.

Custody services

The Bank provides services including: settlement of transactions in securities registered in local and foreign markets, safekeeping of clients' assets, maintenance of securities accounts and registers of securities in non-public trading, maintenance of asset registers of pension funds and investment funds and monitoring the valuation of their assets as well as handling benefits from securities (including payments or tax refunds received). 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 following subsidiaries operate within the Corporate and Investment Banking segment:

- mFaktoring;
- mLeasing (the corporate segment of the company's activity);
- Asekum (the corporate segment of the company's activity); and
- mElements (the corporate segment of the company's activity).

Services Provided by Bank's Subsidiaries within Corporates and Institutions

mFaktoring

mFaktoring is a company providing corporate customers with financing of current operations, professional management of receivables, assumption of solvency risk, maintenance of debtors' settlement accounts and effective debt collection which allows customers to improve their liquidity and flexibly finance current operations. mFaktoring also offers domestic and export financing with recourse and assumption of solvency risk.

For the year ended 31 December 2023 its turnover (the value of purchased invoices) was PLN 35.1 billion. According to the Polish Factors' Association, mFaktoring's market share as of 31 December 2023 was 7.8 per cent, which is the 5th largest market share among factoring companies in Poland.

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. The value of contracts concluded by mLeasing for the year ended 31 December 2023 was PLN 7.3 billion compared with PLN 6.0 billion recorded a year before. The value of new assets purchased by mLeasing in the first half of 2024 amounted to PLN 4.0 billion.

According to data published by the Polish Leasing Association, as of 31 December 2023, mLeasing's market share in Poland amounted to 7.1 per cent.

Asekum

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

mElements

mElements operates in the construction of dedicated solutions for e-commerce trade and new technologies. mElements created the first cloud-based payment gateway in Poland - Paynow.

FX Mortgage Loans segment - Non-core business

The FX Mortgage Loans segment (non-core segment) consists primarily of foreign currency mortgage loans with indexation clauses granted to individual customers.

As of 30 June 2024, the carrying amount of mortgage and housing loans in CHF granted by the Bank to individual customers amounted to PLN 1.0 billion (or CHF 0.2 billion) compared to PLN 1.9 billion (or CHF 0.4 billion) as of 31 December 2023. The carrying amount of mortgage and housing loans granted to individual customers in other foreign currencies by the Bank in Poland as of 30 June 2024 amounted to PLN 1.4 billion, compared to PLN 1.5 billion as of 31 December 2023.

The volume of the portfolio of loans indexed to CHF granted to individual customers in Poland (i.e. the sum of loan tranches disbursed to customers), taking into account the exchange rate on the date of disbursement of those tranches, amounted to PLN 19.5 billion (across 85.5 thousand loan agreements). As of 30 June 2024, this amount included PLN 12.6 billion (across 62.0 thousand loan agreements) of loans indexed to CHF granted to individual customers in Poland that were inactive (i.e. fully repaid, settled or ruled upon by the courts) (taking into account the exchange rate on the date of disbursement of individual loan tranches). The inactive CHF loans included: PLN 7.0 billion (across 39.2 thousand loan agreements) of fully repaid loans, PLN 3.9 billion of settled loans (across 17.0 thousand loan agreements) and PLN 1.7 billion of loans after final verdict of the court (across 5.8 thousand loan agreements).

The volume of the portfolio of loans indexed to other foreign currencies granted by the Bank to individuals in Poland, taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 4.1 billion (across 13.4 thousand loan agreements).

Settlement programme

In the fourth quarter of 2022, following completion of a pilot phase, the Bank launched a settlement programme offered to all individual clients holding an active CHF loan, including clients who filed a lawsuit against the Bank. The settlement proposal is based on two basic assumptions: (i) the elimination of the CHF/PLN FX risk incurred by the client and (2) limitation of the interest rate risk. The settlement proposal consists of conversion of the CHF indexed loan into a PLN loan with simultaneous write-off of a portion of the loan balance. The write-off amount is individually negotiated with the customers.

After conversion, the customer can decide which type of interest rate to choose: periodically fixed or variable. The Bank offers a preferential interest rate on the loan after conversion to the clients that will sign the settlement. By deciding to sign a settlement with the Bank, the client benefits from a reduction in the outstanding loan balance, eliminates the FX risk and, due to the preferential interest rate offered and the option to choose a periodically fixed interest rate, minimises their interest rate risk. Settlements are usually signed out-of-court, but the Bank allows customers to sign them as part of arbitration proceedings.

As of 30 June 2024, the Bank concluded 17,016 settlements (as of 31 December 2023: 13,321 settlements).

Methodology of calculating the impact of the legal risk related to individual court cases regarding credit loans indexed to CHF

The methodology of calculating the impact of the legal risk related to individual court cases concerning both active and repaid loans applied by the Bank depends on numerous assumptions that take into account historical data, adjusted for the Bank's expectations as to future developments. The most important assumptions are: the expected population of borrowers who will file a lawsuit against the Bank, the expected verdicts given by the courts, the loss to be incurred by the Bank where they lose a court case and the level of settlement acceptance by borrowers.

Expected population of borrowers who will file a lawsuit

The expected population of borrowers who will file a lawsuit against the Bank has been projected using statistical methods based on the Bank's litigation history and assumptions about the influx of new cases.

The Bank assumes that the vast majority of the projected cases will be filed by the end of 2024, after which the number will decline.

For the purpose of calculating the impact of legal risk, as of 30 June 2024, mBank assumes that approximately 5.3 thousand CHF borrowers, including 3.1 thousand with active loans and 2.2 thousand with repaid loans, will file a lawsuit against the Bank (as of 31 December 2023: 7.9 thousand of which 6.1 thousand have active loans and 1.8 thousand have repaid loans). If an additional 1 thousand borrowers with active loans indexed to CHF filed a lawsuit against the Bank and the loan was invalidated in its entirety, the impact of legal risk would increase by approximately PLN 301.6 million (provided that other relevant assumptions remain constant) compared to 30 June 2024. This amount would reduce the gross carrying amount of the loans. If an additional 1 thousand borrowers with repaid loans indexed to CHF filed a lawsuit against the Bank and the loan was invalidated in its entirety, the impact of the legal risk would increase by approximately PLN 82.5 million (provided that other relevant assumptions remain constant) compared to 30 June 2024, which would increase the Group's provisions for legal proceedings.

The Bank estimates that 2.8 thousand borrowers with active CHF indexed loans will not decide to sue the Bank or sign a settlement with the Bank in the future and 32.6 thousand borrowers with repaid CHF indexed loans will not sue the Bank in future.

Distribution of expected court rulings

As of 30 June 2024, the Bank assumed a loss in 99 per cent. of pending or future lawsuits (as of 31 December 2023: 99 per cent.), while for the remaining 1 per cent. of cases, the Bank assumed dismissal of the claim. Where the Bank assumed a loss, the only scenario the Bank considered was annulment of the contract. As compared to 31 December 2023, the Bank excluded the scenario in which the contract is not annulled and remains valid, but with the indexation mechanism removed, which transforms a loan indexed to CHF into a PLN loan subject to the interest rate for a loan indexed to CHF. If the Bank assumes a loss in 100 per cent. of ending or future lawsuits, the impact of legal risk would increase by PLN 72.4 million, of which PLN 51.3 million would change the gross carrying amount of the loans and PLN 21.1 million would change the provisions for legal proceedings.

The Bank has also estimated the impact of the resolution of the Full Court of the Civil Chamber of the Polish Supreme Court dated 25 April 2024. According to the wording of the resolution, the starting point of the limitation period for a bank begins from the day after the day the bank receives the first letter from a borrower challenging the provision of the contract, which may in some cases result in banks' counterclaims for principal to be time-barred. The Bank estimates the probabilities that its counterclaim is time-bared individually for these contracts, with probabilities ranging from 5 per cent. to 50 per cent., assuming that the Bank's claims would be considered time-barred despite the fact that counterclaims for principal were filed by the Bank before the expiration of 3 years from the date of the borrower's lawsuit.

Probability of settlement acceptance

As of 30 June 2024, the Bank assumed that it would conclude 4.8 thousand settlements in the future, which accounts for approximately 21 per cent. of its active CHF loan portfolio (as of 31 December 2023: 6.2 thousand, approximately 22 per cent.), with borrowers who have already filed or are expected to file a lawsuit against the Bank.

The impact of the legal risk related to court cases concerning indexation clauses in mortgage and housing loans in foreign currencies and the settlement programme

As of 30 June 2024, the cumulative negative impact of legal risk associated with litigation related to indexation clauses in foreign currency mortgages and housing loans and the settlement programme included in the Group's statement of financial position to date amounted to PLN 8,403.2 million (as of 31 December 2023: PLN 8,258.1 million). This amount included (i) the impact of legal risk concerning lawsuits and the settlement programme related to active loans recognised as a reduction of the gross carrying amount of loans in the amount of PLN 5,428.9 million and (ii) the impact of legal risk concerning lawsuits related to repaid loans and low value active loans recorded as provisions for legal proceedings in the amount of PLN 2,974.3 million.

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 of the indicated dates.

	30 June 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
Bank	6,835	6,649	6,382	6,075	6,034
Subsidiaries (cons. ...	660	670	632	663	654
Total	**7,495**	**7,319**	**7,014**	**6,738**	**6,688**

Source: the Bank.

Training programmes offered to the Bank's employees are aimed at developing the employee's competencies. The training policy is focused specifically on the improvement of the qualifications and skills of key employees, providing training in introducing new technologies and developing techniques aimed at increasing sales effectiveness. These objectives are supported by unifying the rules on the eligibility of employees for specialist training and implementing solutions to improve internal communication.

Employees of the Group have a similar range of employee benefits, e.g., from access to medical services under healthcare packages to sports facilities. Additionally, employees have the possibility of joining group life insurance.

The Group has been operating two approaches for management by objectives: Management by Objectives ("**MbO**") and Objectives and Key Results ("**OKR**"). Each of the approaches directly supports the implementation of mBank's strategy. The MbO/OKR system assumes that employee motivation, initiative and activity constitute the most valuable assets of the company, which have a decisive impact on the company's performance. The Group's managers and employees jointly determine and negotiate the objectives and indicators of desired results and jointly assess their achievements.

The Bank enters into two types of non-compete agreements with its Management Board members and its employees for the duration of their employment as well as for a period post-employment.

As at the date of this Base Prospectus, there is one trade union operating at the Bank (Independent Trade Union of mBank Employees).

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

In 2023, total income per FTE in the Group, calculated by dividing total income by the average number of FTEs, was PLN 1,508.5 thousand compared with PLN 1,134.1 thousand in 2022. 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. In the first half of 2024, the Group's total income per FTE was PLN 1,571.2 thousand, assuming annualisation of the total income generated by the Group in the first half of the year.

Employees' Involvement in the Bank's Capital

The incentive system is based on the remuneration policy and intangible elements (e.g., career development opportunities). The incentive system plays a key role in developing corporate culture and builds competitive advantage by helping the bank acquire and retain competent employees.

The remuneration policy of the Bank covers the base salary (fixed component) and a variable part depending on the objectives achieved by the whole organisation and by individual employees. It also includes bonuses granted to Management Board members and other employees. This applies also to employees having a material impact on the Bank's risk profile in a given calendar year ("**Risk Takers**"). The ratio of total variable remuneration to fixed remuneration may not exceed 100 per cent without the approval of the General Meeting.

The Bank applies employee incentive programmes for members of the Management Board and employees.

The 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 of the Supervisory Board and the decision of the Annual General Meeting of mBank of 9 May 2018, adopted the Incentive Programme Rules.

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 mBH, 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 2023, the Bank issued 31,672 shares pursuant to incentive schemes. In the first half of 2024, the number of shares of the Bank increased by 31,806 on the basis of resolution of the Incentive Programme adopted in 2018.

IT and Operations

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

The Bank possesses an application environment, which allows for effective management of operating costs and enables future developments. The Bank uses about 400 applications.

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/mAlta – a system used in the Retail Banking segment for providing complex services to customers with respect to banking products through access to the database of the Group's products; (iii) CHDB – a comprehensive, common and structured source of historical information regarding corporate, retail, investment and private banking information of the Group (it acts as a data warehouse for all IT-related information of the Group); (iv) Kondor+, which registers all transactions conducted by dealers and presents the transaction data in a form that allows it to be assessed by risk management (it also reports on risk and profitability from concluded transactions and controls limits); (v) UniFlow – the workflow tracking tool for the Retail Banking segment with all other credit applications running through it; (vi) CRD SE – the Group's credit risk calculation tool, which assists in the obligatory process of measuring the capital adequacy of the Bank and the Group calculating the credit risk exposure of the Group; (vii) CRM – which handles customer relationship management for corporate and retail customers; and (viii) applications for ERB settlements (dealing with the NBP with respect to all collateral management matters) and applications that help to restructure the Group's suppliers (e.g., CRM and Custody).

Some of the IT systems crucial to the operations of the Bank and its subsidiaries have been acquired from external suppliers (e.g., Globus, Altamira, Kondor+, UniFlow and Custody) and are utilised and/or further developed by the Group under standard software licence agreements. About half of the systems referred to above have been developed internally by the Bank. Furthermore, the Group has secured maintenance and service support in the event of any IT system breakdowns, as well as IT system updates. As at the date of this Base Prospectus, neither the Bank nor any of its subsidiaries is dependent on any key suppliers of IT services and can replace them at any given point in time.

Ratings

The table below sets forth information regarding the ratings assigned to the Bank as at the date of this Base Prospectus.

	S&P Global Ratings	Fitch Ratings
Long-term Issuer Credit Rating (Long-Term Issuer Default Rating)	BBB	BBB-
Short-term Issuer Credit Rating (Short-Term Issuer Default Rating)	A-2	F3
Viability rating	-	bbb-
SACP (stand-alone credit profile)	bbb-	-
Long-Term Financial Institution Resolution Counterparty Rating	BBB+	-
Short -Term Financial Institution Resolution Counterparty Rating	A-2	-
Outlook of long-term Issuer Credit Rating	positive	stable

Source: Fitch Ratings and S&P Global Ratings

Definitions:

The Issuer Credit Rating is a forward-looking opinion about the Issuer's overall creditworthiness. The Long-term Issuer Credit Ratings focus on the Issuer's capacity and willingness over the long-term to meet all of its financial commitments as they come due, whereas the Issuer Short-term Credit Rating focuses on the Issuer's capacity and willingness over the short-term to meet all of its financial commitments as they come due.

Viability Ratings (VRs) measure the intrinsic creditworthiness of a financial institution and reflect Fitch's opinion on the likelihood that the entity will fail.

The 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 (positive 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 the intermediate term, which is generally up to two years for investment grade and generally up to one year for non-investment grade. A positive outlook indicates that a rating may be raised.

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

S&P Global Ratings has assigned to the Bank long- and short-term resolution counterparty ratings ("**RCRs**") at BBB+ and A-2, respectively. An S&P Global Ratings financial institution resolution counterparty rating is a forward-looking opinion about an entity's creditworthiness in reference to the timely fulfilment of the terms of certain financial obligations that may be protected from default within an applicable bail-in resolution process ("**RCR liabilities**"). A long-term resolution counterparty rating of 'BBB' indicates good creditworthiness in reference to RCR liabilities, but the obligor is more likely to be affected by adverse business or operating conditions than are obligors with higher resolution counterparty ratings. The addition of a plus (+) sign shows relative (higher) standing within the rating category. A short-term resolution counterparty rating of A-2 indicates satisfactory creditworthiness in reference to RCR liabilities. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors with higher short-term resolution counterparty ratings.

Fitch Ratings Ireland Limited ("**Fitch**" or "**Fitch Ratings**") has assigned to the Bank a Long-Term Issuer Default Rating of BBB- (stable outlook). Pursuant to Fitch's rating definitions, BBB ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered strong, but adverse business or economic conditions are more likely to impair this capacity. The modifier (-) appended to a rating denotes relative status within the rating category. Rating outlooks indicate the direction a rating is likely to move over a one- to two-year period. A stable outlook indicates that a rating is not likely to change.

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.

The Bank's outstanding debt issued under the Programme is rated by Fitch and S&P. Fitch Ratings has assigned the BBB- long-term rating for senior preferred debt and the BB+ long-term rating for senior non-preferred debt. S&P has assigned the BBB long-term rating for senior unsecured debt and the BB+ long-term rating for senior subordinated instruments.

Fitch Ratings Ireland Limited and S&P Global Ratings Europe Limited are established in the European Union and are registered under the CRA Regulation. As such, Fitch and S&P Global Ratings Europe Limited are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

In 2013, the Bank elected to cease soliciting ratings from Moody's Investors Service ("**Moody's**"). Any ratings published by Moody's ratings entities in connection with the Bank are unsolicited and are based purely on publicly available information. Such ratings are therefore not disclosed in this Base Prospectus.

Funding sources

The Bank's funding policy is designed to provide it with flexibility to respond to investor demand. This approach seeks to strengthen relations with investors and enable the Bank to attract funding on competitive terms. The Bank diversifies stable funding sources in terms of clients' groups (from whom it acquires deposits), products and currencies groups, and at the same time, maintains liquidity buffer and optimizes its balance sheet in terms of profitability. Long-term activities of the Bank in this scope are carried out taking into account conditions on funding capacity and business profitability. The Bank raises funding in several currencies, with the terms and conditions tailored to the needs of both institutional and private investors. Relevant analysis of the stability and structure of the funding sources, including the core and concentration level of term deposits and current accounts are performed. Additionally, the Bank analyses the volatility of balance sheet and off-balance sheet items, in particular open credit line facilities and current accounts and overdrafts limits utilisation.

The Group is characterized by a diversified financing profile which allows for maintaining supervisory and internal liquidity measures at a safe level and stable growth of assets. Diversification of the funding structure concerns in particular sources, tenors and currency structure, with an emphasis on the main currencies (PLN, EUR, CZK and CHF) which have the largest share in the loan portfolio, as well as limiting large exposures to individual funding providers and taking care of geographic diversification.

The strategic assumptions concerning the diversification of funding sources and profitable structure of the balance sheet are reflected in the financial plan of the Group defined by selected measures, e.g., loans to deposits ratio (the "**L/D Ratio**"). From the end of 2022 to the end of 2023 the L/D Ratio for the Group changed from 69.0 per cent. to 61.2 per cent. As of 30 June 2024, the Group's L/D Ratio was 64.6 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 issuances of debt securities with maturities over one year and the portfolio of long-term loans from banks. 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.

Since 2018, the Group has reduced its reliance on long-term loans from banks and issuances of debt securities and replaced them mainly with retail deposits. Going forwards, the Bank will continue to focus on retail deposits. Wholesale funding will remain an important source of liquidity, especially in meeting the Group's MREL requirement.

When making funding-related decisions, in order to match the term structure of its funding sources with the structure of long-term assets, the Group takes into consideration the supervisory liquidity measures and limits, as well as the internal liquidity risk limits.

The funding structure of the Group as of 30 June 2024, 31 December 2023 and 31 December 2022 is presented below.

	30 June 2024		**31 December 2023**		**31 December 2022 (R)**	
	PLN million	**per cent**	**PLN million**	**per cent**	**PLN million**	**per cent**
Amounts due to customers	187,531.3	86.9	185,467.5	87.0	174,130.9	88.3
- *individual customers*	*133,582.5*	*61.9*	*128,412.4*	*60.2*	*122,890.0*	*62.3*
- *corporate customers & public sector*	*53,948.7*	*25.0*	*57,055.1*	*26.8*	*51,240.9*	*26.0*
Debt securities issued	10,476.5	4.9	11,105.2	5.2	9,465.5	4.8
Amounts due to banks	3,231.6	1.5	3,315.3	1.6	3,270.2	1.7
Subordinated liabilities	2,661.4	1.2	2,714.9	1.3	2,740.7	1.4
Lease liabilities	819.4	0.4	855.7	0.4	960.3	0.5
Other sources	10,966.1	5.1	9,784.7	4.6	6,609.4	3.4

R - restated

** Other sources include Financial liabilities held for trading and hedging derivatives, Fair value changes of the hedged items in portfolio hedge of interest rate risk, Liabilities included in disposal groups classified as held for sale, Provisions, Current income tax liabilities, Deferred income tax liabilities and Other liabilities.*

Source: mBank S.A. Group Audited 2023 Consolidated Financial Statements, mBank S.A. Group Unaudited H1 2023 Condensed Consolidated Financial Statements.

Capital adequacy and capital structure

In accordance with the CRR Regulation, consolidated own funds consists of consolidated common equity tier 1 capital, consolidated additional Tier 1 capital and consolidated Tier 2 capital, however, at the end of the first half of 2024, no items were identified in the Group that constitute additional Tier 1 capital.

Common equity tier 1 capital of the Group compromises: (i) paid up capital instruments and the related share premium accounts, (ii) previous years retained earnings, (iii) independently reviewed interim profits, (iv) accumulated other comprehensive income, (v) other reserves, (vi) funds for general banking risk, and (vii) items deducted from a common equity tier 1 capital (fair value gains and losses arising from the institution's own credit risk related to derivative liabilities, value adjustments due to the requirements for prudent valuation, intangible assets, the Internal Ratings Based Approach (the "**AIRB**") shortfall of credit risk adjustments to expected losses, own Tier 1 instruments, regulatory adjustments relating to accumulated other comprehensive income and intangible assets, the amount from the deferred tax assets exceeding the 10 per cent. threshold of common equity tier 1 capital and net impairment losses).

Tier 2 capital of the Group compromises capital instruments and the related share premium accounts (subordinated liabilities including amortisation during the last five years to the maturity of the instruments concerned) and credit risk adjustments (AIRB excess of provisions over expected losses eligible).

As of 31 December 2023, the consolidated own funds of the Group amounted to PLN 14,730.1 million and the consolidated common equity tier 1 capital of the Group amounted to PLN 12,720.0 million (31 December 2022: PLN 14,403.2 million and PLN 12,153.7 million respectively).

As of 30 June 2024, the consolidated own funds of the Group amounted to PLN 14,486.0 million (compared with PLN 14,780.1 million as of 30 June 2023) and common equity tier 1 capital of the Group was PLN 12,845.7 million (compared with PLN 12,719.8 million as of 30 June 2023).

On 24 July 2024, the Management Board updated the capital management strategy of the Group. The updated capital management strategy assumes that no dividend will be paid out from net profit earned by the Bank in 2024. On 25 July 2024, the Supervisory Board approved the updated strategy. The Bank plans to use the retained profit for lending growth and business development, while maintaining the capital buffers above regulatory requirements. It will also maintain the Tier 1 capital ratio at a level of at least 2.5 percentage points above the minimum requirements at the end of the year, in line with the 2021-2025 Strategy. The long-term dividend strategy of the Bank for the years following 2024 assumes that dividends will be paid out from 50 per cent. of net profit.

The Bank's capital adequacy ratios are presented in Note 47 to the 2023 Consolidated Financial Statements.

Insurance Coverage

The Bank maintains insurance coverage against risks of physical damage or loss to fixed assets. The Bank has insurance coverage against fire, lightning, hurricane, hail, flood, earthquake and others, as well as theft and burglary, acts of vandalism, riots, strikes and acts of terror. Moreover, the Bank has insurance coverage against civil liability towards third parties for any assets held or activities conducted with professional business activity covered under its professional liability policy. Insurance policies are renewed annually.

The Bank maintains professional liability insurance coverage for its business in connection with potential customer claims due to errors, mistakes or wrongful acts committed by the Bank and/or its employees during rendering of professional services. In addition, the Bank is insured against banking crime risks, with such insurance specifically covering damages related to money, funds or property misappropriated by employees and for damages resulting from unauthorised operations by a third party related to information technology crimes.

The Bank believes that its insurance coverage is in line with market practice for banks in Poland.

In addition, the members of the Management Board and the Supervisory Board and the members of the management and supervisory boards of certain subsidiaries are subject to civil liability insurance related to their functions, including director and officer liability (D&O) insurance.

The Bank believes that its insurance coverage is in line with market practice for banks in Poland.

Regulatory Issues

The operations of the Group carried out in the financial sector are subject to supervision and the need to obtain relevant permits by the Group.

The activities subject to supervision are carried out by the Bank and its subsidiaries, mBH and mTFI.

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

As of 30 June 2024, the total value of claims in court proceedings pending in which the Group was the defendant amounted to PLN 11,995.1 million, of which PLN 10,266.0 million related to court cases concerning loans indexed to foreign currencies (31 December 2023: PLN 11,320.2 million and PLN 9,613.0 million, respectively). The total value of claims in court proceedings pending in which the Group was the claimant as of 30 June 2024 was PLN 9,288.3 million, of which PLN 8,769.5 million related to court cases concerning loans indexed to foreign currencies (31 December 2023: PLN 4,549.7 million and PLN 4,029.1 million, respectively).

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

A lawsuit filed by LPP S.A.

On 17 May 2018, the Bank received a lawsuit filed by LPP S.A. with its registered office in Gdańsk seeking damages amounting to PLN 96,307,000 on account of interchange fee. In the lawsuit, LPP S.A. petitioned the court for awarding the damages jointly from mBank S.A. and from another domestic bank.

The plaintiff accuses the two sued banks as well as other banks operating in Poland of taking part in a collusion breaching the Competition and Consumer Protection Act and the Treaty on the Functioning of the European Union. In the plaintiff's opinion, the collusion took the form of an agreement in restriction of competition in the market of acquiring services connected with settling clients' liabilities towards the plaintiff on account of payments for goods purchased by them with payment cards in the territory of Poland.

On 16 August 2018, the Bank has submitted its statement of defence and requested that the action be dismissed. The court accepted the defendants' requests to summon sixteen banks to join the proceedings and ordered that the banks be served with the summons. Two banks have notified of their intention to intervene in the case as an indirect intervener. In a judgment dated 27 January 2023, the District Court in Warsaw dismissed LPP S.A.'s lawsuit in its entirety. On 27 March 2023, LPP S.A. filed an appeal, to which the Bank filed a response on 26 June 2023. In a judgment dated 3 November 2023, the Court of Appeal in Warsaw dismissed LPP's appeal. On 13 March 2024, the Bank received a cassation appeal, to which the Bank has filed a response.

A lawsuit filed by Polski Koncern Naftowy Orlen S.A.

On 7 February 2020, the Bank received a lawsuit filed by Polski Koncern Naftowy Orlen S.A. ("**Orlen**") with its registered office in Płock seeking damages amounting to PLN 635,681,000 on account of interchange fee. In the lawsuit, Orlen petitioned the court for awarding the damages jointly from mBank S.A. and other domestic banks and from Master Card Europe and Visa Europe Management Services.

The plaintiff accuses the two sued banks as well as other banks operating in Poland of taking part in a collusion breaching the Competition and Consumer Protection Act and the Treaty on the Functioning of the European Union, i.e. a collusion restricting competition in the market of acquiring services connected with settling clients' liabilities towards the plaintiff on account of card payments for goods and services purchased by clients on the territory of Poland. On 28 May 2020, the Bank filed a response to the lawsuit and requested that the claim be dismissed. The court accepted the defendants' requests to summon sixteen banks to participate in the case and ordered the banks to be served with the letters with the request for the summons. Two banks have notified of their intention to intervene in the case as indirect interveners.

Class action against mBank S.A. concerning indexation clauses

On 4 April 2016, the Bank was also sued by the Municipal Consumer Ombudsman representing a group of 1,731 retail banking customers who entered into mortgage loan agreements indexed to CHF.

The lawsuit includes alternative claims for declaring loan agreements invalid in part (for example, 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 Bank's table of exchange rates in effect on the date each of the loan agreements was concluded. The case was conducted in various courts. For more information on these court proceedings, see Note 31 of the H1 2024 Condensed Consolidated Financial Statements.

As of 30 June 2024, the Bank recognised the impact of legal risk in the class action in the amount of PLN 294.1 million.

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

Proceedings initiated by the OCCP

- Proceedings for considering provisions of a master agreement as abusive were instituted *ex officio* on 12 April 2019. The proceedings concern amendment clauses stipulating under which circumstances the Bank is authorised to amend the Conditions of the agreement, including the amount of fees and commissions. In the opinion of the President of the OCCP, the amendment clauses used by the Bank give it an unlimited right to unilaterally and freely change the manner of performing the agreement. As a consequence, the President of the OCCP represents the view that the clauses used by the bank define the rights and obligations of consumers contrary to good morals and grossly violate their interest and, thus, are abusive. The Bank does not agree with this stance and presented arguments supporting its position in subsequent letters. The proceedings have been extended to 31 December 2024. As at the date of this Base Prospectus, the amount of the potential penalty cannot be estimated reliably.

- On 8 July 2022, the OCCP initiated proceedings for violation of the collective interests of consumers through:
- failing, after a consumer notification an unauthorised transaction, to refund the unauthorised transaction or restore the account to its pre-transaction state; and
- providing consumers with information in response to complaints that states that proper authentication of the transaction complained of excludes the Bank's obligation to refund the transaction.

The President of the OCCP accused the Bank of not refunding the amount of an unauthorised payment transaction.

The essence of the proceedings initiated by the President of the OCCP is to determine under what circumstances the payment service provider is obliged to refund the transaction amount to the account holder not later than by the end of a business day following the day on which the unauthorised transaction has been charged. According to the President of the OCCP, such an obligation arises whenever the consumer reports that, in his opinion, an unauthorised transaction has occurred. The Bank has disputed the OCCP's accusations and the OCCP has therefore requested further clarification and extended the proceedings. The proceedings are ongoing and, as at the date of this Base Prospectus, the amount of the potential penalty cannot be estimated reliably.

Inspection by the KNF Office

On 22 November 2023, the KNF started administrative proceedings against the Bank that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on trading in financial instruments. At this stage of the proceedings, the amount of the potential penalty cannot be estimated reliably.

Inspection by ZUS

Between 16 May 2022 and 2 March 2023, mFinanse, a subsidiary of the Bank, was inspected by the Social Insurance Institution ("**ZUS**"). The subject of the inspection was the area of correctness and reliability of calculating social insurance contributions and other contributions that ZUS is obliged to collect, as well as reporting for social insurance and health insurance for the years 2018-2021. On 3 March 2023, mFinanse received the inspection protocol, to which the company submitted objections. From September 2023 to January 2024, mFinanse received from ZUS decisions regarding some of the persons subject to inspection. As at the date of the Prospectus, the company settled the adjudicated contributions according to the received decisions along with interest.

mFinanse is in dispute with the ZUS regarding the interpretation of the application of the social security regulation in the area of the cooperation model involving the simultaneous employment of intermediaries on a part-time basis and a civil law contract. At the end of June 2024, there were 168 cases at the court stage in the area of the cooperation model used by the company. The Group's believes that the cooperation model used by mFinanse complies with the law.

In connection with the above inspection, as of 30 June 2024, the Group had a provision in the amount of PLN 82.5 million (as of 31 December 2023: PLN 105.0 million).

Intellectual Property

As at the date of this Base Prospectus, the Group holds protection rights to more than 290 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 73 trademarks registered in the European Union Intellectual Property Office and 37 trademarks registered in the World Intellectual Property Organization. The said trademarks are the names and logos of the Bank and its subsidiaries, the Bank's brands (including mBank) as well as the Group's products and services. Some of the Group's trademarks represent old logos and, as such, are no longer material for the Group's operations. The most important trademarks are the "m" and "mBank" figurative trademarks.

Website Domains

The Group maintains more than 1,100 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 2023 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 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.

The risk management process takes place at every level of the Bank's operations: from individual business units, through specialised units responsible for the identification, measurement, monitoring, control and mitigation of risk, to the major decision-making bodies, i.e. the Management Board and the Supervisory Board of the Bank (including the Risk Committee of the Supervisory Board).

Individual risks are monitored and controlled by relevant organisational units within the Bank and those of its subsidiaries. Internal policies and procedures have been implemented with respect to the management, mitigation and reporting of these risks. In selected risk management areas, contingency plans and procedures have been implemented to address any particular risks and are intended to be applied if a particular risk increases significantly.

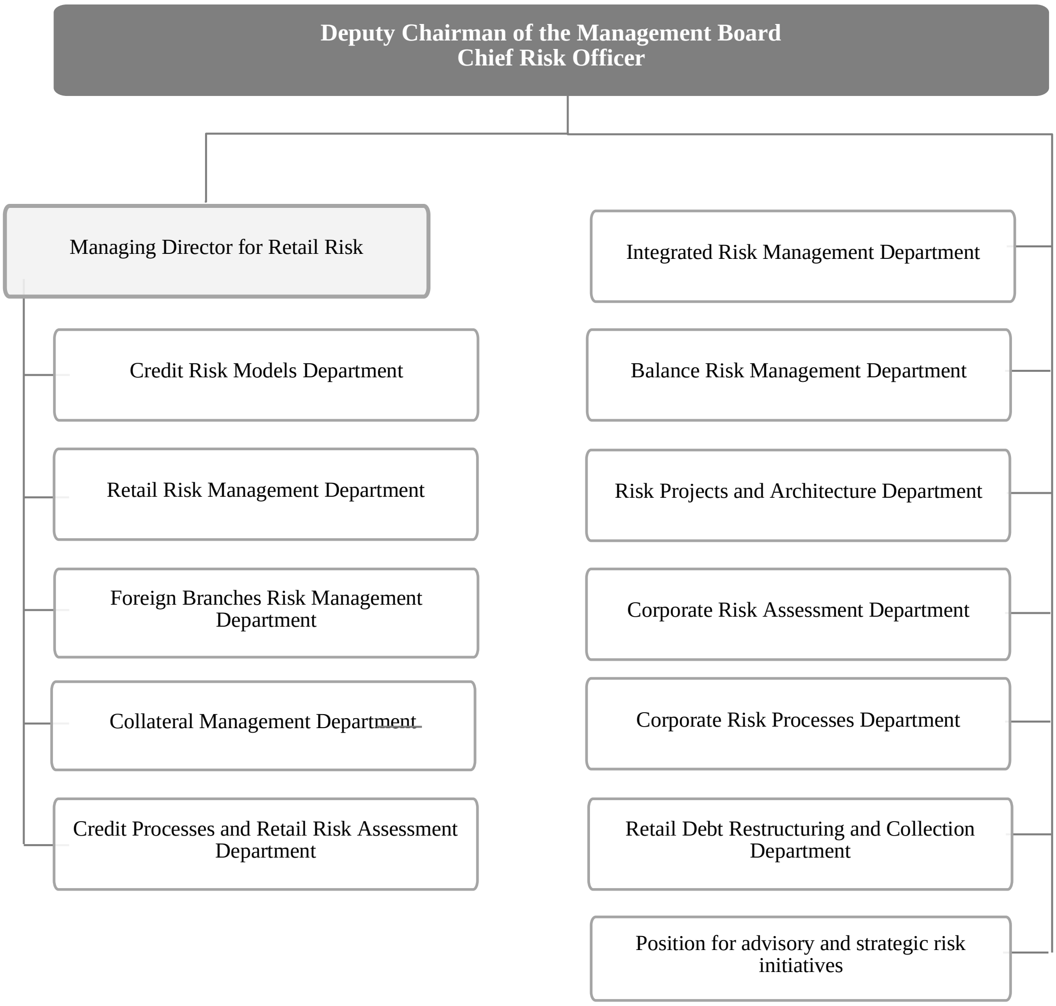
Risk appetite is defined within the Group as the maximum risk, in terms of both amount and structure, which the Bank is willing and able to incur in pursuing its business objectives under a going concern scenario (beyond the inherent existential risks). Risk appetite resulting from the available capital and funding base is the starting point in the Group's risk management, and thus impacts the budgeting process and the capital allocation process.

Risk appetite results from an assessment of the Group risk profile and risk capacity from the perspective of:

- capital;
- funding;
- non-financial risks;
- factors related to environmental (mainly climate), social and corporate governance threats; and
- Risk Adjusted Performance Measures.

Risk appetite is the starting point for an ongoing dialogue about the risk profile within the organisation. Strategic dialogue on risk appetite is primarily a structured, several-stage discussion between the members of the Management Board. This discussion is supported by bottom-up analyses and expert panel discussions. Thanks to this formula: (i) the opportunities and threats facing the Group in a broad perspective can be captured, (ii) actions to support the implementation of plans and the necessary actions to mitigate threats can be considered.

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.

Lines of defence

Risk management roles and responsibilities in the Group are organised around the three lines of defence scheme:

1. The first line of defence is the Business (i.e. the Group's business lines), whose task is to take risk and capital aspects into consideration when making all business decisions, within the risk appetite set for the Group.

2. The second line of defence, mainly the organisational units of the risk management area (Risk), Security and Data Protection Inspector and Compliance function, creates framework and guidelines concerning managing individual risks, supports and supervises Business in their implementation and independently analyses and assesses the risk. The main goal for the second line functions is to create oversight over the Group's control environment and risk exposure. The second line of defence acts independently of the Business.

3. The third line of defence is Internal Audit, which independently assesses risk management activities of both the first and the second lines of defence.

Philosophy of risk management

The risk management framework in the Group rests on the three pillars concept:

1. Supporting sustainable growth through the development of tools and processes designed from the client's perspective.

2. Pursuing prudent and stable risk management – shaping a safe and profitable balance sheet, managing risk in the Group in an integrated manner.

3. Developing the risk management area in response to the challenges of the changing world.

Risk reporting

The Bank has adopted the principle of double risk reporting. On the one hand, the directors of the Bank's organisational units that deal with risk management on an operational level report directly and on an ongoing basis to the Management Board members responsible for the relevant units. On the other hand, the risk management area's departments that monitor and control quantifiable risks submit independent risk reports to the Deputy Chairman of the Management Board, the Chief Risk Officer and to the appropriate committees of the Bank's Management Board (including committees operating within the Business and Risk Forum).

Integrated information on risk and capital management is provided to the Management Board members in a monthly report. The Management Board, the Risk Committee of the Supervisory Board and the Supervisory Board receive, on a quarterly basis, a comprehensive Risk and Capital Monitor ("**RCM**") report. The RCM report covers credit, market, liquidity and non-financial risks (including operational risk) as well as capital adequacy of the Group. Moreover, this report also covers the most important risk signals and observations as well as early warning information.

MARKET AND LEGAL ENVIRONMENT

Market

The information presented in this section has been extracted from publicly available sources and documents. The source of external information is always given if such information is used in this section. While reviewing, searching for and processing macroeconomic, market, industry or other data from external sources, such as the KNF or government publications, none of it has been independently verified by the Group, the Arranger or the Dealers or any of their affiliates or the Group's advisers in connection with the Programme.

The Bank does not intend to and does not warrant to update the data concerning the market or the industry as presented in this section, subject to the duties resulting from generally binding regulations.

The Polish Economy

Poland is the largest economy in the Central and Eastern European region, with a track record of steady growth despite prolonged turmoil on the international financial markets. Poland, with approximately 37.6 million residents, remains the largest accession member of the EU and the sixth largest EU country by population.

The Polish economy's strength is underpinned by the following factors:

- the private debt of non-financial enterprises and households is relatively low;
- the currency regime in Poland is flexible;
- Poland's exports and economy do not depend on a single sector and the domestic market is broad;
- the Polish banking sector remains well-capitalised, liquid and profitable; and
- the macroeconomic policy is geared towards maintaining long-term, high and sustainable growth.

Since joining the EU in 2004, Poland has benefited significantly from EU structural funds, allowing the government to invest in infrastructural and social development. Adjustments to the EU standards have supported the country's modernisation.

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

The year 2023 brought a marked slowdown in economic growth. According to the Central Statistical Office, GDP growth in 2023 decreased to 0.2 per cent. from 5.3 per cent. in 2022. This was attributable to the impact of high inflation on domestic demand, persisting geopolitical uncertainty as well as deteriorating business confidence due to the slowdown in the European economy, in particular in Germany - Poland's main trading partner. Solid investment growth continued throughout the year underpinned by the energy transition and the finalisation of projects financed under the ending EU financial perspective. Net exports made a positive contribution to GDP growth, while imports were under negative pressure from weak consumption and lower purchases by businesses. In the first quarter of 2024, GDP growth accelerated to 2.0 per cent. compared to the first quarter of 2023.

In 2023, consumer price index ("**CPI**") inflation peaked at 18.4 per cent. in February 2023. Since then, a steady decline was recorded and in December CPI inflation reached 6.2 per cent. year-on year. This brought the average annual inflation rate to 11.4 per cent. Initially, the fall in inflation was driven mainly by statistical effects, but afterwards it was supported by the normalisation of global energy prices and a strong fall in PPI inflation. The average annual core inflation rate, which excludes volatile food and energy prices, increased to 10.1 per cent. in 2023 from 9.1 per cent. in 2022. The disinflationary trend continued throughout the first half of 2024. As a result, CPI inflation reached a low of 2.0 per cent. year-on-year in March 2024. Since then, a slight increase was registered to 2.6 per cent in June.

The Monetary Policy Council cut interest rates in September 2023 by 75 basis points and in October 2023 by 25 basis points. In consequence, the reference rate was brought down from 6.75 per cent. to 5.75 per cent. The monetary easing was driven by a substantial decline in inflation and weaker-than-expected economic activity.

Despite the economic slowdown, the unemployment rate in Poland continued to decline and at the end of 2023 was 5.1 per cent. compared with 5.2 per cent. at the end of 2022. Job cuts registered in the industry were more than offset by employment growth in other areas, such as services and the public sector. The number of foreigners in the domestic labour market grew steadily. The Social Insurance Institution's data indicated a stabilisation in the number of insured Ukrainians and an increase in the number of workers from other countries.

The unemployment rate in Poland is well below the EU average. According to Eurostat, which uses a its own methodology, the unemployment rate in Poland in December 2023 reached 3.0 per cent. compared with 6.0 per cent. in the European Union (EU-27) and 6.5 per cent. in the Eurozone. In June 2024, Poland's registered unemployment rate was 4.9 per cent. and it was the lowest level since August 1990.

In the corporate sector, wage growth remained at double-digit levels in 2023, averaging around 12 per cent. year-on-year.

	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
GDP growth (YoY)...............	3.0	5.1	5.9	4.5	-2.0	6.9	5.6	0.2*
Domestic demand (YoY)....	2.2	5.4	6.3	3.3	-2.7	8.5	5.2	-4.1*
Private consumption (YoY)	3.6	6.3	4.4	3.5	-3.6	6.2	5.4	-1.0*
Investment (YoY)...............	-7.6	1.6	12.6	6.2	-2.3	1.2	2.7	13.1*
Exports growth (GUS, YoY).	6.7	8.2	6.1	4.4	1.0	12.8	1.5	1.4
Imports growth (GUS, YoY).	6.4	10.5	7.1	3.0	0.2	15.5	3.5	-0.9
Current account balance/ GDP	-1.0	-1.1	-1.9	-0.2	2.5	-1.3	-2.4	-1.6
Inflation (Dec./Dec.)	0.8	2.1	1.1	3.4	2.4	8.6	16.6	6.2
Unemployment rate (eop)......	8.2	6.6	5.8	5.2	6.3	5.4	5.2	5.1
MPC rate (eop)......................	1.50	1.50	1.50	1.50	0.10	1.75	6.75	5.75
WIBOR 3M (eop)	1.73	1.72	1.72	1.71	0.21	2.54	7.02	5,88
EUR/PLN (eop).....................	4.4240	4.1709	4.3000	4.2585	4.6148	4.5994	4.6899	4.3480
CHF/PLN (eop).....................	4.1173	3.5672	3.8166	3.9213	4.2641	4.4484	4.7679	4.6828
USD/PLN (eop).....................	4.1793	3.4813	3.7597	3.7977	3.7584	4.0600	4.4018	3.9350

*Source: Central Statistical Office of Poland (Główny Urząd Statystyczny, "**GUS**"), NBP, GPW Benchmark*
**preliminary data*

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.

As of 30 June 2024, the total number of banks and branches of foreign credit institutions operating in Poland was 553, including 29 commercial banks in Poland, 33 branches of credit institutions and 491 relatively small co-operative banks according to the KNF data.

The table below presents the number of banks and branches of foreign credit institutions conducting business activities in Poland:

	31 December 2019	**31 December 2020**	**31 December 2021**	**31 December 2022**	**31 December 2023**	**30 June 2024**
Total number including:....................	**600**	**596**	**578**	**560**	**555**	**553**
Domestic commercial banks.................	30	30	30	30	29	29
Branches of foreign credit institutions...	32	36	37	34	34	33
Co-operative banks...............................	538	530	511	496	492	491

Source: KNF

The level of concentration increased in recent years. As of 31 December 2023, the share of five largest banks in total banking assets was 58.5 per cent. compared with 50.1 per cent. as of the end of December 2019 according to the Banking sector data published by the KNF. It means that concentration in the Polish sector is still visibly below the EU average, which amounted to 68.6 per cent. as of 31 December 2023 (source: Banking structural statistical indicators, Data Warehouse as of 7 June 2024). Two other markets, where the Bank operates are more oligopolistic mostly due to dominant role of the top three players, but their structure has been relatively stable over time, with the ratio in the Czech Republic at 65.4 per cent. and in Slovakia at 77.1 per cent.

The ownership structure of the Polish banking sector has changed over the last decade. As a result of a series of merger and acquisition transactions, the state gained or regained influence over new entities; for example, Alior Bank (in 2015) and Bank Pekao (in 2017). As a result of this process, known as "repolonisation" or domestication of the banking sector, the importance of domestic investments grew in the Polish banking industry. The State Treasury, directly or indirectly, controls the activities of nine commercial banks.

However, foreign investors still control a significant part of the assets of Poland's banking sector, including 16 commercial banks. As of 30 June 2024, 41.7 per cent. of the total assets of the Polish banking sector belonged to foreign-owned banking groups (Source: Monthly data of the banking sector as of 30 June 2024 published by the KNF on 14 August 2024).

According to the KNF, the Polish banking industry enjoys a good balance between deep consolidation seen in Scandinavia and fragmented retail banking in Germany. However, the Polish banking sector is expected to continue to experience consolidation in the medium term. Polish banks are increasing their focus on the economies of scale to face the ongoing difficult macro environment. The COVID-19 pandemic has intensified the pressures on profitability A number of smaller market players generate relatively low revenues, which are subject to rising pressure. They may strive to increase their scale of operations to achieve a satisfactory ROE. Some banks will have to adapt their strategies to address their profitability squeeze and other challenges, including the ongoing threat from fintech and implementing effective environmental, social and governance goals. This may force further consolidation if profitability is eroded. Although Poland remains a less attractive banking market for new entrants, due to high regulatory contributions, capital requirements and legacy CHF exposures, the transformation of the Polish banking industry will continue. Smaller banks have less resilience and flexibility in coping with post-pandemic challenges.

The consolidation process in Poland will be driven by the following factors:

- prolonged pressure on the revenue side and limited organic growth opportunities due to financial and regulatory burdens imposed on the sector;
- a necessity to meet regulatory capital and MREL requirements;

- additional earnings pressures resulting from credit holidays, MREL issuance and regulatory compliance; and
- technological changes requiring investments and digitisation spending, which are particularly expensive for smaller banks;

Potential cross-border activity among EU banks could lead to further ownership changes in Polish banking assets. Increasing sector concentration driven by the exit of foreign players and potential consolidation of state-owned banks may lead to higher profitability of the sector in the long term through increased pricing power and cost synergies.

Financial Situation of the Polish Banking Sector

The Polish banking sector remains the largest in the CEE region with total assets amounting to PLN 3.0 trillion (EUR 693 billion) at the end of December 2023. Assets are dominated by loans and advances, which are the key source of banks' revenues.

Poland's banking sector is well-capitalised and predominantly deposit-funded. In recent years the Polish banking sector has gradually improved its funding profile, making it more resilient to external shocks. However, the Polish banking industry operates in a challenging market environment. Currently, the following factors impact the operations of the banking sector in Poland:

(a) the economic situation in Poland – after a phase of marked economic downturn, in 2024 a rebound is expected mainly due to increased private consumption; good situation on the Polish labour market, but strong cost pressures from the labour market driven by a significant increase in the minimum wage and increased demand for employees resulting from the economic recovery;

(b) persistently high interest rates allowing high interest earnings to be generated while government bond yields fall;

(c) profitability pressure from legal risk provisions set aside against CHF mortgage portfolios, inflow of new court cases related to CHF mortgage loans amid negative line of ruling, growing number of settlements with the borrowers;

(d) high regulatory burdens, including the Banking Tax (0.44 per cent. of assets annually, excluding state bonds, own funds and a PLN 4 billon tax-free amount), BGF charges, credit holidays for PLN mortgage borrowers;

(e) excessive customer protection and scrutiny with respect to the price list adjustments, impacting business model of retail banking;

(f) changes in climate policy, including the accelerating energy transition and the increasing stringency and importance of environmental requirements;

(g) existing and planned regulations, which may trigger the need for banks to raise additional equity;

(h) challenges related to the management and storage of personal data and internet security – cyber-risk;

(i) spreading technological solutions and their impact on clients' behaviour;

(j) the consequences of the war in Ukraine, such as sanctions and restrictions causing worldwide disruptions to trade and investment and impacting consumers of food and fuel globally, possible escalation remains in the focus of market attention; the geopolitical situation in the Middle East and around Taiwan is also a factor of uncertainty.

According to the KNF data, for the year ended 31 December 2023 the banking sector generated a net profit in the amount of PLN 27.9 billion compared with PLN 10.7 billion reported for the year ended 31 December 2022. This improvement was driven mainly by higher net interest income and lower cost of risk.

Total net operating income of the banking sector for the year ended 31 December 2023 increased by 15.6 per cent. year-on-year. High interest rates lifted the net interest income, which in 2023 increased by 30.3 per cent. year-on-year. Net fees and commission income recorded an increase of 1.3 per cent. year-on-year. For the year ended 31 December 2023, total costs of the banking sector increased by 2.1 per cent. year-on-year. Higher staff-related expenses and material costs driven by inflation were largely offset by lower regulatory costs due to the suspension of the contribution to the Deposit Guarantee Fund as well as the lack of contributions to the Polish Commercial Banks' Protection System – SOBK and to the BSF. As a result, the banking sector's cost to income ratio (including the Banking Tax) reached 47.3 per cent in 2023, compared with 53.5 per cent. in 2022. The scale of provisions to cover legal risk of FX housing loans increased significantly in 2023 as a result of, among others, the revision of the banks' model assumptions following the CJEU judgement in the case C-520/21 concerning the possibility of claiming remuneration for the use of capital provided in the performance of an invalid FX loan agreement.

For the year ended 31 December 2023, net ROE of the banking sector was 11.9 per cent., compared with 5.5 per cent. in 2022.

The table below shows the financial results of the Polish banking sector:

	For the year ended 31 December (*in PLN million*)			**Change (*per cent.*)**	
	2023	**2022**	**2021**	**2023/2022**	**2022/2021**
Total net operating income........................	107,584	93,078	67,374	15.6	38.2
Total costs (incl. depreciation)	(50,849)	(49,827)	(40,096)	2.1	24.3
Total loan loss provisions..........................	(7,141)	(9,309)	(7,149)	-23.3	30.2
Profit before income tax............................	41,840	19,135	12,112	118.7	58.0
Net profit...	27,921	10,748	5,976	159.8	79.8

Source: KNF — Monthly data on the banking sector – June 2024

	For the year ended 31 December (*per cent.*)		
	2023	**2022**	**2021**
Cost/income ratio	47.3	53.5	59.5
Return on Equity (net ROE)......................	11.9	5.5	2.7
Return on Assets (net ROA)......................	0.97	0.40	0.24
Cost of Risk (CoR)....................................	0.47	0.63	0.52
Loan-to-Deposit ratio (L/D)	70.2	75.1	76.5
Tier 1 capital ratio	20.1	18.6	17.4

Source: mBank calculation based on KNF data (Monthly data on the banking sector – June 2024)

As of 31 December 2023, total assets of the Polish banking sector amounted to PLN 3,011 billion and increased by 10.2 per cent. year-on-year. For the year ended 31 December 2023, total net loans increased by 2.2 per cent., while deposits of the non-financial sector increased by 9.2 per cent. year-on-year (*Source: the KNF data - Monthly data on the banking sector – June 2024 published on 14 August 2024*).

	As of 31 December (*in PLN billion*)			**Change (*per cent.*)**	
	2023	**2022**	**2021**	**2023/2022**	**2022/2021**
Polish banks' aggregate assets	3,011.0	2,733.0	2,572.5	10.2	6.2
Total liabilities	2,753.9	2,530.5	2,373.0	8.8	6.6
Total equity	257.1	202.5	199.5	26.9	1.5

Source: KNF – Monthly data on the banking sector – June 2024

The table below presents dynamics of key banking aggregates of the Polish banking sector.

	For the year ended 31 December (*per cent.*)		
	2023	**2022**	**2021**
Corporate loans	-0.7	9.6	3.9
Household loans..	-1.3	-3.8	4.9
Mortgage loans, incl.	-3.6	-3.2	7.1
Mortgage loans in PLN	1.8	-1.8	12.0
Non-mortgage loans	3.0	-5.1	1.1
Corporate deposits.....................................	8.8	11.6	10.3
Household deposits	11.3	3.3	6.7

Source: mBank own calculations based on NBP data

According to NBP data, for the year ended 31 December 2023, the nominal volume of household loans decreased by 1.3 per cent. compared with the year ended 31 December 2022. Mortgage housing loans declined by 3.6 per cent. compared with the year ended 31 December 2022 due to a decrease in the volume of foreign-currency housing loans driven by repayments of CHF loans and voluntary conversions to PLN loans. The rebound in the dynamics of PLN housing loans in the second half of the year was affected by the government's "Safe Credit 2 per cent. programme" supporting the purchase of the first flat. Non-mortgage loans to retail customers increased by 3.0 per cent. year-on-year.

The NPL ratio as of 31 December 2023 was 5.4 per cent.: 5.1 per cent. for households and 6.1 per cent. for corporate clients (source: mBank own calculations based on NBP data). The limited impact of higher debt servicing costs and the economic slowdown on the level of credit risk can be explained by the relatively small deterioration in borrowers' capacity to repay debt and the banks' prudent lending policies in the past few years. A low unemployment rate and continued credit holidays had a positive impact on the quality of household loans. Debt service capacity of corporate clients has not deteriorated significantly. A conservative regulatory environment has a positive impact on the asset quality of Polish banks. Recommendation S of the KNF introduced a limitation on loan-to-value and recommends a repayment period no longer than 25 years for retail customers. Recommendation T of the KNF instructed that assessment of the client's standing should be based on certificates of income and external databases, e.g., the Credit Information Bureau, and that the maximum debt-to-income ratio should be determined by the bank's management board and approved by the supervisory board.

For the year ended 31 December 2023, household deposits increased by 11.3 per cent. compared with the end of 2022. Corporate deposits increased by 8.8 per cent. year-on-year, mirroring good liquidity in the enterprise sector.

The liabilities of most banks in Poland show a low concentration and a high share of guaranteed deposits, which fosters their stability. According to the KNF, the guaranteed deposits account for more than 80 per cent. of retail deposits in Polish commercial banks, which represents more than a half of banks' liabilities. The deposit guarantee mechanism coupled with the high degree of fragmentation implies that the core deposit that determines the stable part of the deposit base remains high.

The sector's capital adequacy was positively affected by better valuation of financial assets measured at fair value through other comprehensive income and profits generated by the banks. The average TCR as of 31 December 2023 was 21.7 per cent. and Tier 1 capital ratio amounted to 20.1 per cent. compared with 20.4 per cent. and 18.6 per cent. as of 31 December 2022, respectively (*Source: KNF Banking sector data – June 2024 published on 14 August 2024*).

As demonstrated by low loan-to-deposit ratio (70.2 per cent. in December 2023) and high LCR ratio (215 per cent. for commercial banks in December 2023 according to the KNF), the sector is still over-liquid. A part of this liquidity is invested in Treasury bonds and NBP bills.

In 2024, the Polish economy started to rebound. The consumption is the main driver behind stronger economic growth. It is fuelled by a recovery of real consumer income due to continuing disinflation processes and growing wages and salaries. Investments are under the impact of the slow recovery of public investments and the weakness of private investments. Additional support is provided by a better investment climate and the actions taken by the government, including the unblocking of European Union funds. However, 2024 is marked by geopolitical uncertainty.

The OECD expects real GDP growth in Poland to accelerate to 2.9 per cent. in 2024 with rising real wages and fiscal policy supporting consumption growth, despite weaker investment growth ("OECD Economic Outlook", May 2024). OECD economists forecast that in 2025 GDP will grow by 3.4 per cent. It will be supported by EU funds that will lead to a revival in investments. The current forecasts of the Chief Economist of mBank regarding economic growth in 2024 and 2025 are a bit more optimistic.

The inflation rate, after a drop in the first quarter of 2024, started to increase, among others, due to higher taxes on food and a lifting of energy-price caps. Most economists expect that the Monetary Policy Council will leave interest rates unchanged in 2024, taking into consideration forecasts of higher inflation in the second half of the year and a rebound in consumption. According to the July inflation projection of the NBP, inflation will accelerate to over 6 per cent. year-on-year in the first half of 2025 and then start to decline. The inflation target is expected to be reached in the second half of 2026. Wage growth is projected to slow steadily, followed by a gradual decline in core inflation. The current communication from the Monetary Policy Council is rather mixed. The NBP governor rules out interest rate cuts before the end of 2025, while other members of the monetary Policy Council see room for such a move.

In 2024, the dynamics of housing loans is positively impacted by the higher creditworthiness of potential borrowers and customers' expectations of falling interest rates in the coming years. Strengthening consumption, propelled by real wage growth, enhances demand for consumer credit. Credit demand from businesses show signs of improvement. Problem loans remain broadly stable, as growing real wages, historically low unemployment rates and lower interest rates than in 2023 support loan repayment. At the same time households seeking to protect their savings drive inflow of retail deposits.

Although the banks' net interest margins may soften in 2024, revenues will be supported by higher loan growth. The increase in banks' funding costs has peaked and competition for deposits is easing. Operating expenses, particularly staff costs, will continue to grow, but at a slower pace than in 2023 and provisioning costs are likely to be broadly flat. Banks in Poland will continue to benefit from good access to low-cost, stable deposits. Existing and planned regulations (the MREL requirement, the long-term financing ratio, CRR III/ CRD VI regulatory changes may trigger the need for banks to raise additional equity capital or long-term funding. Credit holidays programme is continued in 2024, but under eligibility restrictions.

Legal risk associated with FX housing loans is effectively managed by banks, however it continues to remain the major burden to the domestic banking sector. For three years, banks have offered settlements to their clients and set aside appropriate provisions. However, some banks are still faced with additional provisioning needs stemming among others from repaid CHF mortgage loans, for which the borrowers maintain the right to sue the banks. The inflow of new lawsuits is likely to continue in the coming quarters and banks will continue to book provisions related to CHF mortgage loans. According to the Financial Stability Report published by the NBP in June 2024, additional provisions necessary to cover the risk of FX housing loans in banks' balance sheets may range from a dozen to more than PLN 20 billion.

In July 2024, the KNF adopted the recommendation concerning a long-term funding ratio. The regulator expects that starting from the end of 2026, banks in Poland will be required to maintain this ratio at a level of at least 40 per cent. The long-term funding ratio recommendation ("**LTFR Recommendation**") aims to reduce the risk associated with the current financing structure of mortgage loans and to change this structure by increasing the share of long-term debt instruments in banks' liabilities in relation to the value of mortgage loans granted. For the 40 per cent. threshold, the KNF has given banks sufficient freedom on how they refinance. The banks can use own funds in excess of the regulatory capital requirements, MREL-eligible securities, non-callable long-term debt instruments, covered bonds and retail deposits with a contractual maturity of more than two years. Each refinancing option has weights attached, which banks will have to take into account when determining their refinancing mix. The excess own funds will attract a weighting of 1.4 times, but the weighting will reduce over the next seven years by 0.2 times each year until it reaches zero. As a result of the entry into force of the LTFR Recommendation, banks will be required to issue more mortgage bonds or other debt securities and to extend the maturity of retail deposits.

Legal Environment

Specific Requirement for the Banks

Engaging in banking activities involves meeting multiple regulatory obligations, most of which follow directly from the provisions of the Banking Law, and from resolutions, ordinances and recommendations made by the KNF. The most important of these obligations relate to the Bank's own funds, the capital adequacy ratio, solvency ratio, exposure concentration, risk management systems and financial management conducted by the Bank.

Banks have a duty to protect banking secrecy. Regulations on personal data protection are particularly important for the functioning of banks in order to protect individual customers. Personal data may be processed exclusively in compliance with detailed regulations, using technical and organisational resources which ensure the protection of personal data against unauthorised processing, including making it available to third parties.

The Bank must also comply with regulations for the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

Certain restrictions also apply if banks retain any third parties for the performance of banking activities for and on behalf of the bank or for the performance of any banking-related operations (so-called "outsourcing").

Agreements concluded by banks with their customers are subject to detailed regulations (see also "*Consumer Protection*" below).

Banking Supervision Exercised by the KNF

In Poland, banking supervision is currently exercised by the KNF and covers, in particular:

(a) assessing the financial position of banks, including analysing liquidity, the quality of assets, solvency and the financial results of banks;

(b) estimating, maintaining and reviewing internal capital;

(c) auditing the quality of risk management systems, and in particular of the risk management system and internal control system;

(d) auditing compliance of the banks' activities with the appropriate regulations; and

(e) monitoring and controlling the banks' compliance with the exposure concentration limits and standards for the risk acceptable in their 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 and impose administrative penalties).

Other Supervisory Authorities

Some areas of banking operations are subject to the supervision of other public administration authorities, the most important of which are as follows:

(a) the OCCP with respect to protecting market competition and consumers' collective rights;

(b) the Personal Data Protection Office with respect to collecting, processing, managing and protecting personal data; and

(c) the minister responsible for financial institutions and the General Inspector for Financial Information with respect to the prevention of money laundering and financing of terrorism.

Bank Guarantee Fund

The BGF covers the monetary assets deposited in bank accounts or receivable in respect of claims confirmed by documents issued by banks with a guarantee system. Participation in the BGF is mandatory for all Polish banks and, in certain instances, for branches of foreign banks operating in Poland. Banks covered by the guarantee system make mandatory annual payments to the BGF and are obliged to set up a guaranteed funds protection fund. The mandatory guarantee system ensures that if a bank becomes insolvent, the funds deposited in bank accounts, up to an amount specified in the regulations, are returned. As at the date of this Base Prospectus, funds up to the amount equivalent to EUR 100,000 per single person in respect of deposits in all accounts in a given bank are fully covered by the guarantee system. Funds deposited in particular by government administration authorities, other banks, credit institutions, insurance companies and investment and pension funds are not covered by the guarantee system.

Additionally, the BGF is the Polish resolution authority. Under the BRRD and the BGF Act, the BGF is authorised to commence resolution proceedings with respect to banks operating in Poland. The BGF has at its disposal a wide range of legal instruments during resolution proceedings, including the power to write down debt instruments issued by a bank or to convert them into shares of the bank.

Institutional protection scheme for commercial banks

On 10 June 2022, the KNF approved the agreement and recognised the institutional protection scheme created in accordance with Article 130c of the Banking Law Act of 29 August 1997 by eight Polish commercial banks (Alior Bank S.A., BNP Paribas Bank Polska S.A., ING Bank Śląski S.A., mBank S.A., Bank Millennium S.A., Bank Pekao S.A., PKO Bank Polski S.A. and Santander Bank Polska S.A.). The above-mentioned banks signed the protection scheme agreement and established the Polish Commercial Banks' Protection System - SOBK. The protection scheme can be joined by other local banks provided they satisfy the terms and conditions set out in general law and in the protection scheme agreement.

As part of the system, an aid fund has been established to which the participating banks provided cash contributions. The aid fund may be used to ensure liquidity and solvency of the participants of the scheme, support resolution of a bank conducted by the BGF and the takeover of a bank being a joint-stock company pursuant to Art. 146b paragraph. 1 of the Banking Law. On 30 September 2022, the BGF initiated a resolution of Getin Noble Bank. The activities and main assets and liabilities of Getin Noble Bank were transferred to a bridge bank created by the BGF, in which SOBK acquired 49 per cent. of the share capital.

Consumer Protection

The Consumer Credit Act dated 12 May 2011 (as amended), the Civil Code regulations and other consumer protection laws impose on the banks several obligations related to agreements signed with natural persons who perform actions which are not directly related to their business or professional activities (consumers). The most important of those are the requirements to inform the consumer about the cost of extended credit and loans, and to include specified terms in the consumer loan agreement as well as the prohibition from including specific clauses which are unfavourable to consumers in agreements. If a customer loan agreement does not meet certain requirements of the Consumer Credit Act, the borrower is authorised under the law to repay the loan in principal amount with interest accrued until the prepayment date. In some circumstances, the borrower may be authorised to repay only the principal amount, without interest, fees and any other amounts due to the bank under the loan agreement.

There is a cap for the maximum interest rates which may be charged by a bank under a loan agreement. The maximum interest rate is capped at two times the sum of the applicable reference rate of the NBP 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 entered into force on 25 May 2018. It imposes new obligations and guidelines on companies managing and processing personal data. This means a significant change for companies in their approach to the security of data storage and the issue of making personal data available to the relevant employees.

The key consequences resulting from the GDPR’s implementation include:

(a) the extension of the personal data definition, including persons to whom the data relates;

(b) automated processing of personal data permitted under certain conditions;

(c) considerably increased legal rights of individuals;

(d) new obligations of personal data processors, controllers and data protection officers relating to the technical and organizational protection of personal data; and

(e) administrative fines for non-compliance with the Regulation of up to EUR 20 million or 4 per cent of an organization’s annual worldwide turnover and judicial redress of individuals allowing to claim compensation in excess of the statutory fines.

GENERAL INFORMATION ON THE BANK

Introduction

Name:	mBank Spółka Akcyjna
Legal form:..	Joint-stock company established and operating under Polish law
Registered office:	Warsaw
Address:...	ul. Prosta 18, 00-850 Warsaw, Poland
Telephone:...	+48 (22) 829 00 00
Website address:..	www.mbank.pl
E-mail address:..	relacje.inwestorskie@mbank.pl
National Court Register registration number:	0000025237
REGON (statistical number):	001254524
NIP:	526-021-50-88

History

The Bank was established on the basis of Resolution No. 99 of the Council of Ministers dated 20 June 1986 as Bank Rozwoju Eksportu Spółka Akcyjna, and it commenced operations on 2 January 1987.

On 4 March 1999, the 9th Extraordinary General Shareholders' Meeting passed a resolution to change the name of the Bank to BRE Bank Spółka Akcyjna.

On 11 April 2013, the 16th General Shareholders' Meeting passed a resolution to change the name of the Bank from BRE Bank Spółka Akcyjna to mBank Spółka Akcyjna.

Currently, the registration court with jurisdiction over the Bank is the District Court for the capital city of Warsaw, 13th Business Department of the National Court Register.

The Bank was established for an unspecified period.

Legal Regulations Concerning the Bank's Operations

The Bank operates in accordance with the KSH, the Banking Law and other regulations relating to commercial companies and entities engaged in banking operations.

The basic regulation determining the organisation and manner of operations of the Bank is the Bank's Articles of Association.

The Bank's Business Purpose Specified in the Articles of Association

In accordance with paragraph 5 of the Articles of Association, the Bank's business purpose is to provide banking services, as well as consulting and advisory services in financial matters, and to perform economic activity within the scope defined in § 6 of the Articles of Association.

The Bank's share capital

As at the date of this Base Prospectus, the Bank's registered share capital amounts to PLN 169,987,892 (fully paid-up) and is divided into 42,496,973 shares with a nominal value of PLN 4.00 each, including: (a) 42,485,973 ordinary bearer shares listed on the main market of the WSE; and (b) 11,000 registered dematerialised shares which are not listed on the main market of the WSE.

There are no preferences attached to shares and each share entitles the holder to a right to one vote at the General Shareholders' Meeting.

The Management Board shall be authorised to increase the share capital of the Bank by the amount not higher than PLN 60,000,000 by way of single or repeated share capital increase within the limits indicated above by way of bearer shares issue (the "**authorised capital**"). The Management Board of the Bank shall be authorised to increase the share capital within the limits of the authorised capital provided the

Supervisory Board gives its consent to such capital increase and an appropriate resolution in the form of a notarial deed is adopted by the Management Board.

Given the Bank's status as a public company within the meaning of the Public Offering Act and the fact that the majority of the shares of the Bank are listed on the regulated main market operated by the WSE, the Bank does not have detailed information on all of its shareholders.

Major Shareholders

As at the date of this Base Prospectus, Commerzbank was the Bank's majority shareholder, holding 29,352,897 shares representing 69.1 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 shares in free float are held mainly by financial investors, including Polish pension funds, and Polish and foreign investment funds. The open-end pension funds jointly held 18.4 per cent. of mBank shares in accordance with the lists of shares of WSE-listed companies held in funds' portfolios as at the end of 2023 published by open-end pension funds.

On 21 March 2024, the Bank received a notification from Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. ("**NN PTE**") that Nationale-Nederlanden Otwarty Fundusz Emerytalny ("**NN OFE**") holds 5 per cent. of the share capital of the Bank and the same proportion of voting rights at the General Shareholders' Meeting. According to the notification, after share purchase transactions on 19 March 2024, NN OFE held a total of 2,129,814 shares. As a result of the these transactions, the NN PTE funds hold in total 2,200,912 shares, representing 5.2 per cent. of the share capital of the Bank and the total number of votes at the General Shareholder's Meeting.

The Bank is a public company and its shares are listed on the regulated market of the WSE. Therefore, the Bank does not have detailed information on all of its shareholders. The Bank only receives information on its significant shareholders if these shareholders comply with the notification requirements prescribed by Polish law.

The table below sets out information on the shareholding structure of the Bank based on the most recent notifications made to the Bank:

	Number of shares	**Per cent. of voting rights at the General Shareholders' Meeting**
Commerzbank AG	29,352,897	69.1 per cent.
Other shareholders	13,144,076	30.9 per cent.
- *incl. funds managed by NN PTE*	*2,200,912*	*5.2 per cent.*
Total	**42,496,973**	**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 the Management Board members are appointed and dismissed by the Supervisory Board, Commerzbank, by having a decisive influence on the composition of the Supervisory Board, can also directly influence the composition of the Management Board. At the date of this Base Prospectus, no entity other than Commerzbank has control over the Bank.

In the opinion of the Bank, neither the Articles of Association nor the Regulations of the General Shareholders' Meeting, Supervisory Board and Management Board contain any provisions which might delay, forestall or prevent a change of control over the Bank.

Mechanisms Preventing the Abuse of Control

There are a number of legal instruments aimed at preventing the abuse of control over the Bank by its major shareholder specified in the provisions of the Public Offering Act and the KSH.

The Bank's Position in the Commerzbank Group

Under a strategic agreement signed in 1994, mBank has received several capital injections from Commerzbank, the last of which was in 2010 and totalled approximately PLN 1.4 billion as Commerzbank acquired approximately 70.0 per cent. of the new issue of shares during mBank's capital increase. Moreover, mBank has received subordinated loans in CHF. The nominal value of subordinated loans from Commerzbank stands at CHF 250 million.

In addition, in the past the Bank has periodically used funding from Commerzbank. As of 30 June 2024, the total outstanding indebtedness of the Group to the Commerzbank Group, excluding subordinated debt, was the equivalent of PLN 0.6 billion (as of 31 December 2023: PLN 0.8 billion).

A technical co-operation agreement gives mBank access to the network of Commerzbank and its correspondent banks around the world. In addition, Commerzbank offers its know-how to mBank under separate agreements, enabling co-operation in many areas e.g., co-operation in serving international clients (including Commerzbank clients), compliance and money laundering prevention or shared reporting systems in accounting and controlling. In the key area of Risk control, the co-operation concerns are especially on the exchange of experiences regarding the implementation of new European regulations. Within the basic agreement on methodologies between mBank and Commerzbank, mBank is fully responsible and ensures decisions independence in all Risk Management areas, especially in credit operations.

The Bank also participates in the Commerzbank Group multi-year planning system.

The Group

General Information

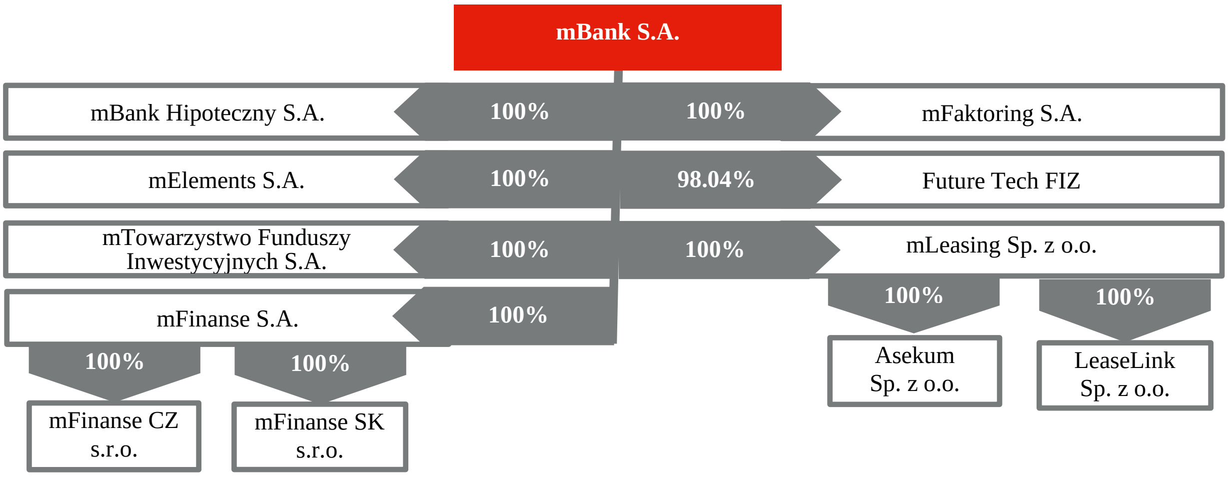
The Group comprises entities controlled by the Bank and which, in respect of the Bank, are of the following nature:

- strategic: shares and equity interests in companies supporting particular business segments of mBank S.A. (Corporate & Investment Banking, Retail Banking segment, Treasury and Other) with an investment horizon not shorter than three years. The formation or acquisition of these companies was intended to expand the range of services offered to the clients of the Bank;

- other: shares and equity interests in companies acquired in exchange for receivables, in transactions resulting from composition and work out agreements with debtors, with the intention to recover a part or all claims to loan receivables and insolvent companies under liquidation or receivership.

The diagram below shows the structure of the Group as at the date of this Base Prospectus.

The Bank's Material Subsidiaries (consolidated)



Introduction

General information on the Bank's consolidated subsidiaries, listed in alphabetical order, is presented below. All material subsidiaries referred to below were included in the 2023 Consolidated Financial Statements and the H1 2024 Consolidated Financial Statements. 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 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 June 2024, the fund's portfolio was composed of the following companies: Digital Teammates (robotic process automation); CyberRescue (a service supporting the network security of customers), Digital Operations (specialising in digital process automation); ChatForce (Bot4Business, communication platform for automatic exchange of information with mobile communication platforms); HCM Deck (a technological HR platform, which supports HR departments in managing, automating and analysing processes related to employee development in larger organisations); Drobna Ratka (Mercury Financial, a digital lender increasing affordability in the motor insurance market by ensuring fast and trouble-free instalment financing of third party liability insurance).

mBH

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 220,000,000
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 the portfolio of residential mortgage loans for individual clients built in close co-operation with mBank. On 30 March 2023, the shareholders of mBH and mBank approved the division of mBH. As a result of the division, mBank acquired loans and advances to customers from mBH in the amount of PLN 1.7 billion (measured at amortised cost and at fair value through profit or loss) and the loan portfolio of mBH consists solely of retail mortgage loans.

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 19,700,000
Core activities:	developing IT solutions, including API solutions, online and mobile payments as well as services dedicated to online sellers, including the Paynow payment integrator; the company can operate as a National Payment Institution.

mFaktoring

Principal information

Name and legal form:	mFaktoring S.A. (joint-stock company)
Registered office and address:	ul. Prosta 18, 00-850 Warsaw, Poland
Share capital:	PLN 11,505,000
Core activities:	factoring services for domestic, export and import transactions: providing clients with financing of current activity, professional management of receivables, accepting the risk of insolvency, maintenance of settlement accounts of creditors and effective enforcement of receivables.

mFinanse

Principal information

Name and legal form:	mFinanse S.A. (joint-stock company)
Registered office and address:	ul. Ignacego Skorupki 5, 00-546 Warszawa
Share capital:	PLN 45,245,000
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, business products and leasing.

The Group consolidates two subsidiaries fully owned by mFinanse

mFinanse CZ s.r.o

Principal information

Name and legal form:	mFinanse CZ s.r.o (limited liability company)
Registered office and address:	Pernerova 691/42, Karlín, 186 00 Prague, Czech Republic
Core activities:	financial intermediation in the sale of banking products distributed by mBank's branches in the Czech Republic.

mFinanse SK s.r.o

Principal information

Name and legal form:	mFinanse SK s.r.o (limited liability company)
Registered office and address:	Pribinova 10, 811 09 Bratislava, Slovakia
Core activities:	financial intermediation in the sale of banking products distributed by mBank's branches in Slovakia.

mLeasing

Principal information

Name and legal form:	mLeasing Sp z o.o. (limited liability company)
Registered office and address:	ul. Prosta 18, 00-850 Warsaw, Poland

Share capital:	PLN 6,121,500
Core activities:	leasing of vehicles of up to 3.5 tonnes, heavy transport vehicles, machines and devices, including medical ones, car fleet management, complex services of financing commercial and office facilities, hotels and warehouses.

The Group consolidates two subsidiaries fully owned by mLeasing.

Asekum

Principal information:

Name and legal form:	Asekum Sp z o.o. (limited liability company)
Registered office and address:	ul. Prosta 18, 00-850 Warsaw, Poland
Core activities:	insurance services related to leased assets.

LeaseLink

Principal information:

Name and legal form:	LeaseLink. Sp. z o.o.
Registered office and address:	ul. Grochowska 306, loc. 308, 03-840 Warsaw, Poland
Core activities:	leasing in e-commerce: financing the purchases of entrepreneurs made in e-stores and stationary outlets; LeaseLink's dedicated application allows leasing payment services (Pay By Link).

mTFI

Principal information:

Name and legal form:	mTowarzystwo Funduszy Inwestycyjnych S.A (joint-stock company)
Registered office and address:	ul. Prosta 18, 00-850 Warsaw, Poland
Share capital	PLN 10,000,000
Core activities:	establishment and management of investment funds and providing portfolio management services, which may include one or more financial instruments.

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 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.

Members of the Management Board are appointed for a term of office of five years. The term of office is calculated in financial years (the first financial year of the term of office is each time the financial year in which the performance of the function began, even if it would not commence at the beginning of this financial year). The mandate of a member of the Management Board shall expire no later than on the date of the General Meeting approving the financial statements for the last full financial year of performing the function of a member of the Management Board. The term of a member of the Management Board also expires in the case of death, resignation, or recalling of the member from the Management Board.

The appointment of the President of the Management Board and the Member of the Management Board responsible for supervising the management of risks relevant to the Bank's operations, is subject to approval by the KNF.

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.
(e) dividing powers between the Managing Directors on the basis of a resolution of the Management Board, where such a resolution may not be adopted without the consent of the President of the Management Board.

Members of the Management Board manage the Bank's activities in accordance with the regulations of the Management Board. Members of the Management Board may be entrusted by the President of the Management Board with supervision over specific areas of the Bank's activities.

The Management Board works on the basis of internal regulations approved by the Supervisory Board. The internal regulations determine, among other things, matters which require collective review and resolution by the Management Board.

The Management Board manages the Bank's business, represents the Bank, reviews the Bank's current matters and: (a) specifies the guidelines for the Bank's operations, specifically those exposed to risk; (b) monitors management reporting; (c) participates in defining the Bank's medium and long-term development plans; (d) oversees preparation and implementation of budgets and preparation of the Bank's financial statements; (e) reviews policies relating to human resources including bonuses and remuneration; (f) takes decisions relating to investments within the Management Board's powers; (g) grants and revokes proxies; (h) manages issues related to the Bank's organisation or otherwise submitted for review by the Supervisory Board and the General Shareholders' Meeting; and (i) determines detailed principles and organisation of accounting, capital adequacy, capital management, internal controls and risk management.

Issues requiring the passing of a resolution by the Management Board include among other things: (a) approving the Bank's financial statements and related matters for the previous financial year; (b) approving the report regarding Bank's operations for the previous financial year; (c) determining certain information policies for risk and capital adequacy management; (d) as a rule, approving acquisitions and disposals of real estate or other shares by the Bank; (e) as a rule, incurring liabilities or managing assets whose total value in respect of one entity exceeds 5 per cent. of the Bank's own funds; (f) securing proxies; (g) establishing organisational matters for the Bank; (h) establishing and liquidating branch offices and other organisational entities of the Bank;(i) preparation, update and implementation of the recovery plan; and (j) all decisions and transactions which require the consent or authorisation of the Supervisory Board.

Resolutions of the Management Board are passed by a majority of votes of the members of the Management Board present at the meeting and, in the event that an even amount of votes is cast for and against, the President of the Management Board has a casting vote.

Without the consent of the Supervisory Board, members of the Management Board cannot engage in competing activities or have an interest in another competing legal entity. This restriction extends to members of the Management Board who hold at least 10 per cent. of the shares in the competing entity, or who have the right to appoint at least one member of its management board.

Members of the Management Board

Basic information on the members of the Management Board in office as at the date of this Base Prospectus is set out below.

Full name	**Age**	**Position on the Management Board**	**Date of coming into office**	**Date of end of the term of office**
Cezary Kocik	53	Vice-President of the Management Board managing the operations of the MB[1)],	5 July 2024; the Member of the MB, Head of Retail Banking from 1 April 2012 to 25 July 2024	31 December 2028, the mandate will expire at the latest on the date of the AGM in 2029 approving the financial statements of the Bank for 2028
Krzysztof Bratos	42	Vice-President of the Management Board and Head of Retail Banking	26 July 2024	31 December 2028, the mandate will expire at the latest on the date of the AGM in 2029 approving the financial statements of the Bank for 2028
Krzysztof Dąbrowski	49	Vice-President of the Management Board and Head of Operations and Information Technology	1 April 2017	31 December 2028, the mandate will expire at the latest on the date of the AGM in 2029 approving the financial statements of the Bank for 2028

Full name	Age	Position on the Management Board	Date of coming into office	Date of end of the term of office
Marek Lusztyn	47	Vice-President of the Management Board and Chief Risk Officer	22 October 2020	31 December 2028, the mandate will expire at the latest on the date of the AGM in 2029 approving the financial statements of the Bank for 2028
Julia Nusser	47	Vice-President of the Management Board, Head of Compliance, Legal Issues and HR	1 May 2023	31 December 2028, the mandate will expire at the latest on the date of the AGM in 2029 approving the financial statements of the Bank for 2028
Pascal Ruhland	36	Vice-President of the Management Board and Chief Financial Officer	1 May 2023	31 December 2028, the mandate will expire at the latest on the date of the AGM in 2029 approving the financial statements of the Bank for 2028
Adam Pers	48	Vice-President of the Management Board and Head of Corporate and Investment Banking	26 October 2017	31 December 2028, the mandate will expire at the latest on the date of the AGM in 2029 approving the financial statements of the Bank for 2028

[1)]*Cezary Kocik will take up the position of the President of the Management Board after obtaining the consent of the KNF.*

Source: The Bank

Qualifications and Professional Experience

Cezary Kocik

Since 2004, together with the Retail Banking team, Cezary Kocik has been developing a comprehensive offer for individuals, entrepreneurs and small businesses in three markets: Poland, Czechia and Slovakia. He additionally supervises the Private Banking client segment, Wealth Management, the Brokerage Bureau and mTFI. Before joining mBank, Cezary Kocik gained experience in the field of investment banking, restructuring and debt collection in the now-defunct Powszechny Bank Gospodarczy (PBG). He also served as the director of the Łódź branch of Bank Pekao S.A.

He graduated from the University of Łódź with a degree in Banking and Finance. In 2015, he completed the Advanced Management Programme (AMP 189) at Harvard Business School and Strategic Management in Banking in INSEAD in 2018. He holds a securities broker licence.

Between 1 April 2012 and 25 July 2024, was a Member of the Management Board, Head of Retail Banking. On 5 June 2024, Cezary Kocik was conditionally appointed to the position of the President of the Management Board, subject to obtaining the consent of the KNF.

Krzysztof Dąbrowski

Krzysztof Dąbrowski graduated from the 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.

He obtained extensive knowledge regarding IT in several industries. In 1995–2003, he worked in the internet and telecommunications industry for Polska Online and TDC Internet, where he was responsible for the development of hosting systems and services. In 2004–2011, as the head of the Software Development Department, he co-created the Polish shared services centre of F. Hoffman-La Roche, which is among the largest pharmaceutical companies worldwide. In the following years, as CTO of Allegro Group, an e-commerce leader in Poland, he supervised one of the biggest Agile transformations in the region.

Since 2014 he has been a Managing Director and CIO / CTO at mBank. He was appointed Vice-President of the Management Board, Head of Operations and IT as of 1 April 2017.

Krzysztof Bratos

Krzysztof Bratos obtained a Master's Degree in Economics from Poznan University of Economics with a major in computer science and econometrics. In addition, he has completed specialised programmes for management on Harvard Business School - General Management Program and High Potential Leadership Program.

Krzysztof Bratos has 18 years of banking experience, including 14 years in managerial positions in the banking sector. He worked for global financial institutions based in London and New York (JP Morgan, Royal Bank of Scotland, Kleinwort Benson), where he implemented new solutions in management and business transformation programmes and led technology projects in investment banking. Since 2015 he has been working in the Group, and over the last 3 years in the position of the Managing Director of Private Banking and Brokerage Services, where he has been responsible for the organisation and operations of private banking, brokerage activities and investment products offering for private banking clients.

He was appointed Vice-President of the Management Board, Head of Retail Banking as of 26 July 2024.

Marek Lusztyn

Marek Lusztyn has over 25 years of experience in the banking sector. He holds a PhD in Economics from the Warsaw School of Economics (SGH). He completed the Executive MBA programme at the University of Illinois and the University of Warsaw. He also graduated from INSEAD and holds a bachelor 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. Marek Lusztyn 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 2000-2008 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.

From September 2019 to the end of 2020, he was a member of the Board of the Warsaw School of Economics (SGH). He was appointed by the SGH Senate after being recommended by the SGH Corporate Partners Club – a group of leading Polish and international companies closely cooperating with SGH. He is an author of numerous academic publications on banking and risk management and a long-standing lecturer in the subject.

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.

Julia Nusser

Julia Nusser has more than 25 years of professional experience in the banking sector. She has been managing large and diverse teams for over 20 years. She joined mBank from Commerzbank, where she had been a Managing Director responsible for KYC (Know Your Customer) processes and systems. This included creating, developing, implementing, and operating systems and processes for KYC first line of defense for Commerzbank worldwide as well as for all client groups. Until 2020, she had been Managing Director and Global Head of Trade Finance Operations at Commerzbank. In the past she held various internal audit functions at Dresdner Bank (later acquired by Commerzbank). Julia Nusser is also a Member of the Supervisory Board of CERI International in Poland.

Julia Nusser received a master's degree in Banking at Frankfurt School of Finance & Management (Hochschule für Bankwirtschaft) in 2002, preceded by a Bank Apprenticeship Programme and Certification.

Julia Nusser has been Vice-President of the Management Board of mBank S.A., Chief People and Regulatory Officer since 1 May 2023.

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 started his career at 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. As a member of the Operating Committee, during the financial crisis, he was responsible for the bank's liquidity. In RBI Group, he was awarded the TOP Performer and Leader of the Year title. In 2012, Mr Pers joined BRE Bank/mBank, where his first task was to restructure the financial markets sales area. Then, as a Managing Director he also supervised the integration of the area of cooperation with financial institutions and finally, integration with Trading.

Adam Pers has been Vice-President of the Management Board of mBank S.A., Head of Corporate and Investment Banking since 26 October 2017.

Pascal Ruhland

Pascal Ruhland has more than 15 years of professional experience in the banking sector. As Managing Director he was the Divisional CFO for the Corporate Clients Segment, and prior to that he held the position as the Head of Divisional Controlling for Corporate Clients at Commerzbank. In the past he worked in Germany, Poland, Hong Kong as well as in the UK and gained experience especially in Finance, Corporate and Retail Banking.

Pascal Ruhland completed his master's programme in Accounting and Finance at the University of Applied Sciences in Frankfurt am Main. Furthermore, he completed the Strategic Financial Leadership Programme for CFOs at Stanford University, the Executive Programme for Prospective CFOs at Chicago Booth and the Leading Digital Transformation Programme at the Indian Institute of Management Bangalore.

Pascal Ruhland has been Vice-President of the Management Board of mBank S.A., Chief Financial Officer since 1 May 2023.

Business Address

The business address of all members of the Management Board is: ul. Prosta 18, 00-850 Warsaw, Poland.

Positions held by members of the Management Board in other companies

The table below presents information on other companies and partnerships in which, during the last five years, the current members of the Management Board: (i) held positions in management or supervisory bodies; (ii) held shares (in the case of companies listed on the WSE or on any other regulated market in Poland or abroad, in a number representing more than 1 per cent. of the votes at the general meeting of such company); or (iii) were partners.

Name	Name of the company	Position	Does the Management Board member continue to serve in this capacity?
Cezary Kocik	mFinanse S.A.*	Chairman of the Supervisory Board	No

Name	Name of the company	Position	Does the Management Board member continue to serve in this capacity?
		Member of the Supervisory Board	No
	mBox Sp. z o.o.*	Deputy Chairman of the Supervisory Board	No
	Krajowa Izba Rozliczeniowa S.A.	Member of the Supervisory Board	No
	mBank Hipoteczny S.A.*	Chairman of the Supervisory Board	No
		Member of the Supervisory Board	No
	mLeasing S.A.*	Deputy Chairman of the Supervisory Board	No
	mTowarzystwo Funduszy Inwestycyjnych S.A.*	Deputy Chairman of the Supervisory Board	No
Krzysztof Bratos	BRE Property Partner Sp. z o.o.*	Member of the Supervisory Board	Yes
	BRE Property Partner Sp. z o.o.*	Chairman of the Supervisor	No
	mTowarzystwo Funduszy Inwestycyjnych S.A.*	Deputy Chairman of the Supervisory Board	Yes
Krzysztof Dąbrowski	mBox Sp z o.o.	Member of the Supervisory Board	No
	Tutore Poland Sp. z o.o.	Member of the Supervisory Board	Yes
	mCentrum Operacji Sp. z o.o.**	Chairman of the Supervisory Board	No
	Krajowa Izba Rozliczeniowa S.A	Member of the Supervisory Board	Yes
Marek Lusztyn	mBank Hipoteczny S.A.*	Chairman of the Supervisory Board	Yes
	mLeasing S.A.*	Member of the Supervisory Board	Yes
	mTowarzystwo Funduszy Inwestycyjnych S.A.*	Chairman of the Supervisory Board	Yes

Name	Name of the company	Position	Does the Management Board member continue to serve in this capacity?
	System Ochrony Banków Komercyjnych S.A.	Chairman of the Supervisory Board	Yes
	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
Pascal Ruhland	mBank Hipoteczny S.A.*	Deputy Chairman of the Supervisory Board	Yes
Adam Pers	mLeasing Sp. z o.o.*	Chairman of the Supervisory Board	Yes
	mFaktoring S.A.*	Chairman of the Supervisory Board	No
	mInvestment Banking S.A.*	Chairman of the Supervisory Board	No
Julia Nusser	CERI International Sp. z o.o.	Member 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 Competencies 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. The term of office is calculated in financial years (the first financial year of the term of office is each time the financial year in which the performance of the function began, even if it would not commence at the beginning of this financial year). The mandate of a member of the Supervisory Board shall expire no later than on the date of the General Meeting approving the financial statements for the last full financial year of performing the function of a member 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.

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 number of members of the Supervisory Board is determined by the General Shareholders' Meeting.

At least two of the Supervisory Board Members shall be independent within the meaning of the Act of 11 May 2017 on certified auditors, audit firms and public supervision.

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 statutory 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 and/or co-operation treaties; (j) receiving information on expected deviations from the annual budget; (k) issuing general guidelines for the Management Board regarding the level and structure of remuneration for senior management of the Bank; (l) approving the policy on variable items of remuneration of the persons holding managerial positions at the Bank; (m) issuing opinions regarding transactions with related entities (if the total expected amount of a single transaction exceeds 20 per cent. of the Bank's own funds, calculated as of 31 December of the preceding year. Opinions of the Supervisory Board are not required with regards to derivative transactions where risk is limited through collateral posting, however, the Supervisory Board will be informed of such transactions; (n) approving changes at the position of a person managing the Internal Audit Department and the Compliance Department; (o) approving of entering by the Bank into material transaction with an associated entity, to the extent as required by commonly binding provisions of law, applicable to public companies; (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 and (r) authorising the Board of Management to acquire, encumber, and sell real estate, a perpetual usufruct or part of real estate and stock and participatory shares in companies as well as other fixed assets, if the value of the said transactions exceeds 1 per cent. of the Bank's own funds as of 31 December of the preceding year. Such authorisation is not required if such acquisition results from execution, bankruptcy, or negotiation procedures, or other settlements with the Bank's debtors, or in the case of sale of assets so acquired. In the case of such acquisitions, resulting from execution, bankruptcy, or negotiation procedures, or other settlements with the Bank's debtors, or in the case of sale of assets so acquired, the Management Board is obliged to inform the Supervisory Board of any such activity.

The Supervisory Board can pass resolutions provided that at least half of its members are present at the meeting while all the members have been invited. In specific cases, members of the Supervisory Board may pass resolutions by casting their votes in writing, through another member of the Supervisory Board. No votes can be cast in writing on issues added to the agenda in the course of the meeting of the Supervisory Board. 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 Chairperson 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) any benefits provided by the Bank or any entities associated with the Bank to the 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 delegate to its members to independently perform specific supervisory activities, as well as establish ad hoc or permanent committees of the Supervisory Board, consisting of members of the Supervisory Board, to perform specific supervisory activities. The Supervisory Board is supported by the following committees: the Audit Committee, the Risk Committee, the Remuneration and Nomination Committee and the IT Committee.

Members of the Supervisory Board

The table below sets out information on the members of the Supervisory Board who held their positions as at the date of this Base Prospectus.

Name	Age	Position	Date on which the current term began	Expiration of the term of office
Agnieszka Słomka-Gołębiowska	48	Chairwoman of the Supervisory Board (independent member)	27 March 2024	31 December 2026, the mandate will expire at the latest on the date of the AGM in 2027
Bettina Orlopp	54	Deputy Chairwoman of the Supervisory Board	27 March 2024	31 December 2026, the mandate will expire at the latest on the date of the AGM in 2027
Hans-Georg Beyer	41	Member of the Supervisory Board	27 March 2024	31 December 2026, the mandate will expire at the latest on the date of the AGM in 2027
Tomasz Bieske	68	Member of the Supervisory Board (independent member)	27 March 2024	31 December 2026, the mandate will expire at the latest on the date of the AGM in 2027
Mirosław Godlewski	57	Member of the Supervisory Board (independent member)	27 March 2024	31 December 2026, the mandate will expire at the latest on the date of the AGM in 2027
Aleksandra Gren	52	Member of the Supervisory Board (independent member)	27 March 2024	31 December 2026, the mandate will expire at the latest on the date of the AGM in 2027
Thomas Schaufler	54	Member of the Supervisory Board	27 March 2024	31 December 2026, the mandate will expire at the latest on the date of the AGM in 2027
Bernhard Spalt	56	Member of the Supervisory Board	27 March 2024	31 December 2026, the mandate will expire at the latest on the date of the AGM in 2027

Source: The Bank.

Qualifications and professional experience

Agnieszka Słomka-Gołębiowska

Chairwoman of the Supervisory Board of the Bank (independent member)

A purpose-driven Non-Executive Director and Board Advisor helping companies in navigating sustainability journey to net zero economy.

Ms. Słomka-Gołębiowska has nearly 20 years of extensive experience on boards of large publicly listed and private companies, as well as international organizations such as UN WFP and UNAIDS. Currently, she is a Chairwoman of the Supervisory Board of mBank, where she also serves as Chair of the Renumeration and Nomination Committee, and a member of Risk and Audit Committee. She has been appointed also as Board Member and Chair of Audit Committee in Grupa Pracuj, a European leading HR technology platform as well as Ghelamco Invest, a finance arm of a top-tier commercial real estate company. Her past board experiences include companies from SaaS businesses, aerospace and defense (A&D) industries as well as infrastructure and construction. She holds seat at the EU Platform on Sustainable Finance, assisting the European Commission on Sustainable Finance Framework, as well as Advisory Board of Sustainable Investment Forum Poland (POLSIF).

Agnieszka Słomka-Gołębiowska is a Professor at the Warsaw School of Economics with research focusing on governance and sustainability. She holds PhD in Economics and MSc. in Finance and Banking from the Warsaw School of Economics (with distinction), completing a Master Programme in International Business at the Copenhagen Business School. She received prestigious awards including the Alexander von Humboldt Fellowship at Muenster University and the Polish-American Fulbright Fellowship at the University of California, Berkeley (Haas), where she cooperated with prof. Oliver Williamson - Nobel Prize winner in economics. She is an author of numerous articles in JCR journals, books as well as a speaker at business and academic conferences. In 2019, she received the Corporate Governance Personality Award. She is a mentor at the Hertie School of Governance, Berlin and global ambassador of the Bank of America and Vital Voices Partnership Programme on women entrepreneurship and empowerment.

Business address:

mBank S.A.
ul. Prosta 18
00-850 Warsaw
Poland

Bettina Orlopp

Deputy Chairwoman of the Supervisory Board of the Bank

Bettina Orlopp holds a degree in business administration awarded by the University of Regensburg, where she also received a PhD degree.

She began her professional career as a Management Consultant at McKinsey & Company in 1995, where she was elected Partner in 2002. In 2014, she started her career at Commerzbank as Divisional Board Member of group development and strategy. Bettina Orlopp has been a member of the Board of Managing Directors since 2017. She has been CFO since March 2020 and Deputy CEO since July 2021 at Commerzbank. She leads the following departments: Finance, Tax, Investor Relations, and Treasury.

She is a member of the following committees of Commerzbank: Asset and Liability Committee (ALCO), Group Sustainability Board, Executive Pension Committee and Group Market Risk Committee.

Business address:

Commerzbank AG
Kaiserstraße 16
60311 Frankfurt am Main
Germany

Hans-Georg Beyer

Member of the Supervisory Board of the Bank

Hans-Georg Beyer studied at Witten/Herdecke University (Business Economics & General Management) and at SKEMA Business School ((International Finance). In 2020, he received a PhD at the University of St. Gallen (HSG) based on a doctoral thesis on risk governance at board level of European banks.

Dr. Hans-Georg Beyer has many years of experience in Commerzbank Group, among others in positions related to managing the compliance area and the internal audit area. He holds the function of the Chief Compliance Officer and Divisional Board Member Group Compliance at Commerzbank. He is responsible for all compliance units of Commerzbank Group, including the compliance units in its foreign branches and subsidiaries.

Business Address:

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60311 Frankfurt am Main
Germany

Tomasz Bieske

Member of the Supervisory Board of the Bank (independent member)

Tomasz Bieske holds a master's degree in Economics from the University of Cologne, Germany. For six years after graduation he worked in the head office of Dresdner Bank AG in Frankfurt, where his main responsibilities included lending to international corporate clients and trading in sovereign debt on the secondary market. From 1988, he worked for Arthur Andersen in Frankfurt as Manager in charge of business consulting for financial institutions. Two years later he moved back to Warsaw to co-found Arthur Andersen in Poland, where he served as Partner and Head of Financial Markets Group. He was responsible for working with clients from the financial sector, which included auditing the financial statements of leading banks in Poland, sale of banks' non-performing loan portfolios and valuation of private banks' shares. He participated in a number of due diligence processes commissioned by foreign investors and in consulting projects in the financial markets sector.

Following the merger of Arthur Andersen and Ernst & Young in 2002, Tomasz Bieske continued as Partner and Head of Financial Markets Group. He led the majority of key projects in the financial services sector, including the preparation of public offerings of PKO BP S.A. and Kredyt Bank S.A. and auditing of the financial statements of the National Bank of Poland, PKO BP S.A., Pekao S.A., Getin Holding and a number of other banks, and the Social Insurance Institution (ZUS). He also led a number of advisory projects in the banking sector (including the development of the concept of the GPW privatisation, preparation of the operational change plan for the Ministry of Finance and the merger of four state-owned banks into Pekao S.A. prior to its privatisation). In 2011, he participated in the work of the committee for regulatory and business changes in the cooperative banking sector.

Tomasz Bieske works closely with the Polish Bank Association and the National Association of Cooperative Banks. He holds a licence of a Polish statutory auditor. Since June 2013, he has been a member of the supervisory boards of several GPW-listed companies (including Masterlease S.A., Kruk S.A. and mBank S.A.). He completed the three-month Oxford Fintech Programme in 2019 and the three-month Venture Capital Programme at the University of Oxford in 2020. Since 2019, he has been a member of the Association of Independent Non-Executive Directors. In the academic year 2023/2024, he serves as a coach for students taking the post-graduate course “Professional Supervisory Board” at Kozminski University in Warsaw.

Business address:

mBank S.A.
ul. Prosta 18
00-850 Warsaw
Poland

Mirosław Godlewski

Mirosław Godlewski holds a Master of Science degree awarded by the Faculty of Industry Management of the Warsaw University of Technology. He also holds an MBA degree from Ashridge Management College and AMP Harvard Business School.

Currently Mr. Godlewski is Senior Advisor with BCG, Board Member at Eubioco Sp z o. o., Supervisory Board Member of ONDE S.A. and a Partner in the Hadgehog Fund.

Mirosław Godlewski was a Member of the Supervisory Board of Netia S.A., Celon Pharma S.A., Absolvent.pl, ABC Data S.A., and a Member of the Remuneration and Nomination Committee. Between 2007 and 2014, he was the President and CEO of Netia S.A. He also held executive positions at Opoczno S.A., DEC Sp. z o.o., Pepsi-Cola Polska, and MEMRB Polska.

Business address:

mBank S.A.
ul. Prosta 18
00-850 Warsaw
Poland

Aleksandra Gren

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 25+ years of professional experience in banking technology and banking. She started her career at the Royal Bank of Canada in Vancouver. After a year-long break for master's studies at the London School of Economics, she started working for ING Bank in Italy, where she participated in the preparations for launching ING Bank Direct. She continued her career with American fintech companies operating in EMEA, as an analyst, advisor and for many years as a manager and board member.

She has a proven track record of successful partnerships and transformational initiatives in the banking sector. Recognized 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 Programme for Entrepreneurs in the US in March 2019.

Business address:

mBank S.A.
ul. Prosta 18
00-850 Warsaw
Poland

Thomas Schaufler

Member of the Supervisory Board of the Bank

Thomas Schaufler graduated in 2002 from the University of Applied Sciences (FHW-Fachhochschule) in Vienna with a master's degree in management and entrepreneurship. Thomas Schaufler finished professional courses and has professional certificates (e.g. Certificated European Financial Analyst CEFA).

Thomas Schaufler has more than twenty years of professional experience in the banking sector, including fourteen years in managerial positions in the banking sector. Currently he is the Member of the Board of Managing Directors of Commerzbank responsible for business segment of private and small-business customers. Previously, he sat on the Board of Managing Directors of Erste Group Bank AG, acting as Head of the Group Retail Board. Thomas Schaufler has managerial experience in retail banking sales, Treasury sales, product management in European countries and asset management.

Business Address:

Commerzbank AG
Kaiserstraße 16
60311 Frankfurt am Main
Germany

Bernhard Spalt

Member of the Supervisory Board of the Bank

Bernhard Spalt graduated from the University of Vienna with a master's degree in law with a specialization in European law. Bernhard Spalt has more than thirty years of professional experience in the financial sector, and he has held management and board positions since 1999.

Bernd Spalt is Chief Risk Officer at Commerzbank. He has many years of experience in all areas of risk management, working for international financial institutions, including in Austria, Romania, Slovakia, Hungary and the Czech Republic. In recent years, he served as Chairman of the Management Board at Erste Group Bank AG, having previously served as a Member of the Management Board responsible for risk management at Erste Bank der Oesterreichischen Sparkassen AG, Banca Comerciala Romana SA, Slovenska Sporitelna SA and Erste Bank Hungary ZRT.

Business Address:

Commerzbank AG
Kaiserstraße 16
60311 Frankfurt am Main
Germany

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 Sp. z o.o.	Member of the Supervisory Board, Chairwoman of Audit Committee	Yes
	Grupa Pracuj S.A.	Member of the Supervisory Board, Chairwoman of Audit Committee	Yes
Bettina Orlopp	Commerzbank Aktiengesellschaft	Member of the Board of Managing Directors	Yes
	KfW (Kreditanstalt für Wiederaufbau)	Member of the Board of Supervisory Directors	Yes
	Commerz Real AG, Wiesbaden	Member of the Supervisory Board	No
Hans-Georg Beyer	Commerz Global Services Solutions	Member of the Supervisory Board	Yes

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
	Commerzbank AG	Chief Compliance Officer, Anti Money Laundering Officer, Divisional Board Member Compliance	Yes
Tomasz Bieske	KRUK S.A.	Member of the Supervisory Board	No
	PCM S.A.	Member of the Supervisory Board	No
	Altus TFI S.A.	Member of the Supervisory Board	No
Mirosław Godlewski	Eubioco S.A.	Member of the Supervisory Board	No
	Absolvent.pl Sp. z o.o.	Member of the Supervisory Board	No
	ONDE S.A.	Member of the Supervisory Board	Yes
	Nikalab Sp. z o.o.	Member of the Supervisory Board	No
		General Director of the Management Board	No
	Netia S.A.	Member of the Supervisory Board	No
	Celon Pharma S.A.	Member of the Supervisory Board	No
	eubioco1 Sp. z o.o.	Member of the Management Board	Yes
Aleksandra Gren	Fiserv Polska Sp. z o.o	Member of the Management Board	No
	Fundacja Głosy Kobiet	Member of the Foundation Council	Yes
	Fundacja Leopoldy Wild	Member of the Management Board	Yes
	Sarantis Greece S.A.	Member of the Supervisory Board	Yes
Thomas Schaufler	Commerzbank AG	Member of the Board of Managing Directors	Yes
	SCHUFA Holding AG	Member of the Supervisory Board	Yes
Bernhard Spalt	Commerz Real AG	Member of the Supervisory Board	Yes
	CommerzReal Investementgesellschaft mbH	Member of the Supervisory Board	Yes

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
	Commerzbank AG	Member of the Management Board	Yes

Source: The Bank

Other information on members of the Management and Supervisory Boards

No Management Board or Supervisory Board member has any actual or potential conflict of interest between his/her duties to the Bank and his/her private interests and other duties.

TAXATION

GENERAL

Potential investors and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In addition, payments of interest on the Notes, or income derived from the Notes, may be subject to taxation, including withholding taxes, in the jurisdiction of the Issuer, in the jurisdiction of the holder of Notes, or in other jurisdictions in which the holder of Notes is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Notes.

Prospective investors should carefully consider the tax consequences of investing in the Notes and consult their own tax adviser about their own tax situation. Finally, potential investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time, with or without retroactive effect. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

POLAND

1. General Information

The following is a discussion on certain Polish tax considerations relevant to an investor who is a resident of Poland, or otherwise subject to Polish taxation. This statement should not be understood as tax advice. It is based on Polish tax laws and their interpretation in effect as at the date of this Base Prospectus, which may be subject to change. Such changes may also be retroactive and may adversely affect the tax treatment described below. This description does not purport to be complete with respect to the tax information that may be relevant for investors due to their individual circumstances. Prospective purchasers of the Notes are advised to consult their professional tax adviser regarding the tax consequences of the purchase, ownership, disposal, sale, redemption or transfer without consideration of the Notes. The information provided below does not cover the tax consequences concerning income tax exemptions applicable to specific taxable items or specific taxpayers (e.g., domestic or foreign investment funds). References to "interest" and to any other terms in the paragraphs below mean "interest" or any other term, respectively, as understood in Polish tax law.

For the purpose of this Taxation section:

"**Affiliated Entities**" means:

(a) entities of which one entity Exercises a Significant Influence on at least one other entity; or

(b) entities on which a Significant Influence is Exercised by:

  (i) the same other entity; or

  (ii) the spouse or a relative by consanguinity or affinity up to the second degree of a natural person exercising a significant influence on at least one entity; or

(c) a partnership without legal personality and its partners (partner); or

(d) limited partnerships and limited joint-stock partnership with their registered office or management in the territory of the Republic of Poland and its general partner; or

(e) specific general partnerships with their registered office or management in the territory of the Republic of Poland and its partner; or

(f) a taxable person and their foreign establishment, and in the case of a tax capital group - a company being its part and its foreign establishment.

(each of being a manifestation of an existence of an **Affiliation**)

"**Exercising a Significant Influence**" means:

(a) holding directly or indirectly at least 25 per cent. of:

(i) shares in the capital; or

(ii) voting rights in the supervisory, decision-making or managing bodies; or

(iii) shares in or rights to participate in the profits, losses or the property or their expectative, including participation units and investment certificates; or

(b) the actual ability of a natural person to influence key economic decisions taken by a legal person or an organisational unit without legal personality, or

(c) being the spouse or a relative by consanguinity or by affinity up to the second degree.

2. **Notes admitted to public trading under specific conditions**

Corporate Income Tax exemption for non-residents

Under Art. 17.1.50c of the Corporate Income Tax Act dated 15 February 1992 (the "**CIT Act**"), tax exempt income is income earned by a CIT taxpayer subject to limited tax liability in Poland (i.e. Polish non-resident) in respect of interest or a discount on securities:

(i) having a maturity of at least one year;

(ii) admitted to trading on a regulated market or introduced into an alternative trading system within the meaning of the Act of 29 July 2005 on Trading in Financial Instruments, in the territory of Poland or in the territory of a state that is a party to a double tax convention concluded with Poland which regulates the taxation of income from dividends, interest and royalties,

unless the taxpayer is an Affiliated Entity of the issuer of such securities, and holds, directly or indirectly, together with other Affiliated Entities within the meaning of those regulations, more than 10 per cent. of the nominal value of those securities.

Exclusion from obligation to withhold tax

Under Art. 26.1aa of the CIT Act, remitters are not obliged to withhold tax on interest or discount in respect of the securities (such as Notes, if they meet the conditions specified in Art. 17.1.50c of the CIT Act, as described above), provided that the issuer submits to the relevant tax authority a declaration that it has acted with due diligence in informing Affiliated Entities, about the exemption conditions applying to those Affiliated Entities.

The declaration is made once in relation to a given issue of securities, not later than the date of the payment of interest or discount on the securities. Upon request of the payer, the issuer shall be obliged to confirm the submission of the declaration referred to above.

Analogous provisions apply to personal income tax (Art. 21.1.130c and Art. 41.24-24c of the Personal Income Tax Act dated 26 July 1991 (the "**PIT Act**")).

If the abovementioned criteria are not met and the interest (discount) payments are not eligible for the special exemption described in this section, following rules of taxation described below should apply.

3. **Taxation of a Polish tax resident individual**

Under Art. 3.1 of the PIT Act, natural persons, if residing in the Republic of Poland, are liable for tax on their total income (revenue) irrespective of the location of the sources of revenue (unlimited obligation to pay tax).

Under Art. 3.1a of the PIT Act, a Polish tax resident individual is a natural person who (i) has their centre of personal or business interests located in Poland or (ii) stays in Poland for longer than 183 days in a year, unless any relevant tax treaty dictates otherwise.

(a) Withholding Tax on Interest Income

According to Article 30a.7 of the PIT Act, interest income, including discount, derived by a Polish tax resident individual does not cumulate with general income subject to the progressive tax rate but under Art. 30a.1.2 of the PIT Act is subject to 19 per cent. flat rate tax.

Under Art. 30a.9 of the PIT Act, withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Particular double tax treaties can provide other methods of withholding tax settlements.

Under Article 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the Polish 19 per cent. tax upon any interest payment.

Under Art. 41.4d of the PIT Act, the entities operating securities accounts for individuals, acting as tax remitters, should withhold this interest income if such interest income (revenue) has been earned in Poland and is connected with securities registered in said accounts, and the interest payment to the individual (the taxpayer) is made through those entities; this principle also applies to remitters who are payers of corporate income tax and are subject to limited tax liability in Poland, to the extent they conduct their business through a foreign establishment in Poland and the securities account is linked to that establishment's operations.

There are no regulations defining in which cases income (revenue) earned by a Polish tax resident should be considered income (revenue) earned in Poland. However, we can expect those cases to be analogous to those of non-residents. Pursuant to Art. 3.2b of the PIT Act, income (revenues) earned in the Republic of Poland by non-residents shall include in particular income (revenues) from:

(i) work performed in the Republic of Poland based on a service relationship, employment relationship, outwork system and co-operative employment relationship irrespective of the place where remuneration is paid;

(ii) activity performed in person in the Republic of Poland irrespective of the place where remuneration is paid;

(iii) economic activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;

(iv) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from disposal of any rights to such property;

(v) securities and derivatives other than securities, admitted to public trading in the Republic of Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;

(vi) the transfer of ownership of shares in a company, of all rights and obligations in a partnership without legal personality, participation in an investment fund, a collective investment undertaking, or other legal entity and rights of similar character or from receivables being a consequence of holding those shares, rights and obligations participation or rights, if at least 50 per cent. of the value of assets of this company, partnership, investment fund, collective investment undertaking or legal entity is constituted, directly or indirectly, by immovable properties located in the Republic of Poland, or rights to such immovable properties;

(vii) the transfer of ownership of shares, all rights and obligations, participation or similar rights in a real estate company (as defined in the PIT Act);

(viii) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organisational units without legal personality, having their place of residence, registered office, or management board in the Republic of Poland, irrespective of the place of concluding and performing the agreement; and

(ix) unrealised gains as referred to in the exit tax regulations.

The above list is not exhaustive; therefore, the tax authorities may also consider that income (revenues) not listed above is sourced in Poland.

Given the above, each situation should be analysed to determine whether interest earned by a Polish tax resident individual from the Notes is considered to be income sourced in Poland and whether the entity operating the securities account for the individual will withhold the tax. Since the Issuer is a Polish entity, as a rule, interest from the Notes should be considered as earned in the territory of Poland.

According to Article 45.3b and Art. 45.1 of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

Separate, specific rules apply to interest income on securities held in Polish omnibus accounts (within the meaning of the provisions of the Act on Trading in Financial Instruments, hereinafter "**Omnibus Accounts**"). Under Art. 41.10 of the PIT Act, insofar as securities registered in Omnibus Accounts are concerned, the entities operating Omnibus Accounts through which the amounts due are paid are liable to withhold the flat-rate income tax on interest income. The tax is charged on the day of placing the amounts due at the disposal of the Omnibus Account holder. This rule also applies to remitters who are payers of corporate income tax and are subject to limited tax liability in Poland, to the extent they conduct their business through a foreign establishment and the securities account is linked to that establishment's operations.

Additionally, under Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities (including the Notes referred to herein) registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter (under Art. 41.10 of the PIT Act the entity operating the Omnibus Account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder.

Under Art. 45.3c of the PIT Act, taxpayers are obliged to disclose the amount of interest (discount) on securities (including the Notes referred to herein) in the annual tax return if the Notes were registered in Omnibus Account and the taxpayer's identity was not revealed to the tax remitter.

Under Art. 30a.9 of the PIT Act, withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

(b) Income from Notes other than interest

Income other than interest, including income from transfer of Notes against a consideration, derived by a Polish tax resident individual from financial instruments, such as the Notes, held as non-business assets, qualify as capital income according to Article

17 of the PIT Act. Such income does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 per cent. flat rate tax.

Under Art. 30b.2. of the PIT Act the income from disposal of securities is calculated as the difference between the sum of revenues from a transfer of securities against a consideration and tax deductible costs, calculated on the basis of the relevant provisions of the PIT Act under Art. 30b.2. of the PIT Act. Based on Art. 17.2 and Art. 19.1 of the PIT Act, if the price expressed in the contract without a valid reason significantly deviates from the market value, the amount of income is determined by the tax authority or fiscal control authority in the amount of the market value.

The taxpayer itself is obliged to settle the tax on the transfer of securities (including the Notes) against a consideration. Taxpayers should prepare their annual tax return by the end of April of the year following the tax year in which the income was earned. No tax or tax advances are withheld by the person making the payments.

Furthermore, capital gains are subject to 4 per cent. solidarity levy calculated on the surplus of various incomes above PLN 1 million in total. The levy must be calculated and settled by the individuals themselves.

(c) Notes held as business assets

Income from the Notes, such as income from a transfer of Notes against a consideration (but not interest income), should be treated as income from business activities and should be subject to tax in the same way as other business income. The tax, at 19 per cent. flat rate or the 12 per cent. to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions, should be settled by the individuals themselves.

Furthermore, business income is subject to 4 per cent. solidarity levy calculated on the surplus of various incomes above PLN 1 million in total. The levy must be calculated and settled by the individuals themselves.

4. **Taxation of a Polish tax resident corporate income taxpayer**

Under Art. 3.1 of the Corporate Income Tax Act dated 15 February 1992 (the "**CIT Act**") the entire income of taxpayers who have their registered office or management in Poland is subject to tax obligation in Poland, irrespective of where the income is earned.

According to Art. 3.1a of the CIT Act, a taxpayer has a place of management in the territory of the Republic of Poland, inter alia, when the current affairs of this taxpayer are conducted in an organized and continuous manner on the territory of the Republic of Poland, based in particular on:

(a) an agreement, decision, court ruling or other act regulating the establishment or functioning of the taxpayer; or

(b) powers of attorney; or

(c) Affiliations.

Income (revenue) from the Notes, both on account of interest/discount and other income, including transfer of securities against a consideration, earned by a Polish tax resident corporate income taxpayer whose entire income is subject to tax liability in Poland, is subject to income tax following the same general principles as those which apply to any other income received from business activity within the same source of income. As a rule, for Polish income tax purposes, interest is recognised as revenue on a cash basis, i.e. when it is received and not when it has accrued. Income from a transfer of securities against a consideration is in principle their value expressed in the price specified in the contract. According to Art. 14 of the CIT Act, if the price expressed in the contract, without a valid reason, significantly deviates from the market value, the revenue amount is determined by the tax authority in the amount of the market value. In the case of income from the transfer of securities against a consideration, tax deductible costs are generally recognized when the corresponding revenue has been achieved. The taxpayer itself (without the remitter's participation) settles income tax on interest/discount and on the transfer of securities against a consideration, which is settled along with other income from the taxpayer's business activity within the same source of income.

Regarding the proper source of revenue, in principle, the income (revenue) from the securities (such as the Notes), including their transfer against a consideration, is combined with revenues from capital gains (Art. 7b.1 of the CIT Act). In the case of insurers, banks and some other entities (financial institutions), this revenue is included in revenues other than revenues from capital gains (Art. 7b (2) of the CIT Act).

The appropriate tax rate is the same as the tax rate applicable to business activity, i.e. 19 per cent or 9 per cent.

Although, in principle, no Polish withholding tax should apply on interest payable to Polish corporate income taxpayers, under specific rules applying to interest income on securities held in Omnibus Accounts, under Art. 26.2a of the CIT Act, for income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. If such tax is withheld for a Polish tax resident corporate income taxpayer, to receive a refund of such tax, the entity should contact its tax advisor.

Any withholding tax incurred outside Poland (including countries which have not concluded any tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than the tax calculated in accordance with the applicable domestic tax rate, can be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

5. **Notes held by a non-Polish tax resident (natural person or corporation)**

Under Art. 3.2a of the PIT Act, natural persons, if they do not reside in Poland, are liable to pay tax only on income (revenue) earned in Poland (limited obligation to pay tax).

Under Art. 3.2 of the CIT Act, in the case of taxpayers who do not have their registered office or management in Poland, only the income they earn in Poland is subject to tax obligation in Poland.

Non-Polish residents are subject to Polish income tax only with respect to their income earned in Poland. Under Art. 3.3 of the CIT Act, income (revenues) earned in the Republic of Poland by non-residents shall include in particular income (revenues) from:

(a) all types of activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;

(b) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property;

(c) securities and derivatives other than securities, admitted to public trading in the Republic of Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;

(d) the transfer of ownership of shares in a company, of all rights and obligations in a partnership without legal personality, participation in an investment fund or a collective investment undertaking, or other legal entity and rights of similar character or from receivables being a consequence of holding those shares, rights and obligations participation or rights, if at least 50 per cent. of the value of assets of this company, partnership, investment fund, collective investment undertaking or legal entity is constituted, directly or indirectly, by immovable properties located in the Republic of Poland, or rights to such immovable properties;

(e) the transfer of ownership of shares, all rights and obligations, participation or similar rights in a real estate company (as defined in the CIT Act);

(f) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organisational units without legal personality, having their place of residence, registered office, or management board in the Republic of Poland, irrespective of the place of concluding or performing the agreement; and

(g) unrealised gains referred to in the exit tax chapter.

Similar provisions are included in Art. 3.2b of the PIT Act.

It should be noted that the list of incomes (revenues) gained in Poland, as provided in Art. 3.3. of the CIT Act and Art. 3.2b of the PIT Act is not exhaustive, therefore, other income (revenues) may also be considered as earned in Poland.

Given the above, each situation should be analysed to determine whether interest earned by a Polish tax resident from the Notes is considered to be income sourced in Poland. However, since the Issuer is a Polish entity, income from the Notes is likely be considered as earned in Poland and Polish withholding tax should apply.

General rules for Polish withholding taxation

If income from securities (such as the Notes) is considered as sourced in Poland, the following rules apply:

In the case of taxpayers subject to limited tax liability in Poland, the interest (discount) on the Notes earned in the Polish territory is taxed as a general rule at a flat rate of 20 per cent. in the case of corporate income tax payers (Art. 21.1.1 of the CIT Act) or 19 per cent. in the case of natural persons (Art. 30a.1.2 of the PIT Act). Under Art. 26.1 of the CIT Act, interest payers, other than individuals not acting within the scope of their business activity, should withhold this tax and a similar provisions are provided in Art. 41.4 of the PIT Act.

Under Art. 26.2c.1 of the CIT Act, the entities operating securities accounts and Omnibus Accounts for taxpayers, acting as tax remitters, should withhold this interest income if such interest income (revenue) was earned in Poland and is connected with securities registered in said accounts, and the interest payment to the taxpayer is made through said entities. Although it is considered that foreign entities do not act as Polish tax remitters, according to the discussed provision, this obligation applies to non-residents to the extent they operate a permanent establishment in Poland and the account, on which securities are registered, is linked to the activity of this permanent establishment. Similar provisions concerning interest payments to individuals are provided in Art. 41.4d of the PIT Act.

The described rules of taxation may be modified by the relevant provisions of double tax treaties concluded by Poland, based on which a reduced tax rate or income tax exemption may apply to income (revenue) obtained from interest/discount (Art. 21.2 of the CIT Act, Art. 30a.2 of the PIT Act). To benefit from the tax rate or income tax exemption under the tax treaty, the taxpayer should present a valid and up to date certificate of its tax residence. As a rule, the tax residence certificate is considered valid for twelve consecutive months from its date of issue. Tax remitters may require additional documentation in order to be able to apply double tax treaty benefits described above, such as the confirmation of the recipient's beneficial owner status towards the interest payments.

Moreover, many tax treaties provide protection only for beneficial owners. Pursuant to Art. 4a.29 of the CIT Act and, respectively, Art. 5a.33d of the PIT Act, beneficial owner means an entity meeting all of the following conditions:

(a) it receives the amount due for its own benefit, which includes deciding independently about its purpose, and bears the economic risk associated with the loss of that receivable or part of it;

(b) it is not an intermediary, representative, trustee, or another entity obliged to transfer the receivable in whole or in part to another entity; and

(c) it conducts real business activity in the country of its registration, if the receivables are obtained in connection with the conducted business activity whereas when assessing whether the entity conducts real business activity, the nature and scale of such activity in the scope of received receivables are taken into account.

Although the definition of the beneficial owner does not refer to Art. 24a.18 of the CIT Act and Art. 30f. 20 of the PIT Act as those are the places in the income tax legislation where real business activity is defined, therefore, it cannot be ruled out that factors listed there will be taken into account by the tax authorities in determining beneficial ownership status. Those factors include:

(a) the business activity carried out by the taxpayer is performed through an existing enterprise that actually performs activities constituting an economic activity; in particular, it possesses premises, qualified personnel and equipment used for performing business activity;

(b) the taxpayer does not create artificial arrangement without a connection with any business activity;

(c) the taxpayer's actual premises, its personnel or equipment correspond to the scope of its actual business activity;

(d) the agreements concluded by the taxpayer are realistic in economic terms, they have economic justification and they are not noticeably contrary to the general business interest of the taxpayer;

(e) the taxpayer carries out its business functions independently, using its own resources, including managers who are present in the country of taxpayer's tax residency. The majority of double tax treaties concluded by Poland provide for an exemption from income tax on capital gains, including income from the sale of securities obtained in Poland by a tax resident of a given country.

Separate, specific rules apply to interest income on securities held in Omnibus Accounts. Also, in cases where Polish withholding tax should not apply on interest payable to non-Polish tax residents (natural persons or corporate income taxpayers), under specific rules applicable to interest income on securities held in Omnibus Accounts there is a risk that such tax would be withheld. Under Art. 26.2a of the CIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. Under Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. If such tax is withheld for non-Polish tax resident taxpayers, to receive a refund of such tax, the entity should contact its tax advisor.

If a person or an entity subject to limited tax liability in Poland acts through a foreign establishment in Poland to which income is related, as a matter of principle provisions of law should apply that are analogous to taxpayers subject to unlimited tax liability in Poland, with some necessary additional requirements (e.g. the requirement to present the interest payer with a certificate of tax residence along with a declaration that the interest is related to the establishment's activities).

6. **Pay & Refund regime**

In addition to the rules set out above, the following regime applies.

Corporate income tax

Under Art. 26.2e of the CIT Act, if the total amount paid out between Affiliated Entities on account of the items listed in Art. 21.1 of the CIT Act (including interest / discount on securities) and Art. 22.1 of the CIT Act to the same taxpayer exceeds Polish Zloty 2,000,000 in the tax year of the payer, payers are, as a general rule, required to withhold, on the day of payment, a flat-rate income tax at the basic rate (20 per cent. in the case of interest/discount on securities) from the excess over that amount, without being able not to withhold that tax on the basis of an appropriate double tax treaty, and also without taking into account exemptions or rates resulting from special regulations or double tax treaties (hereinafter the "**Pay & Refund**).

Under Art. 26.2i and 26.2j of the CIT Act, if the payer's tax year is longer or shorter than 12 months, the amount to which the Pay & Refund applies is calculated by multiplying 1/12 of Polish Zloty 2,000,000 and the number of months that have begun in the tax year in which the payment was made; if the calculation of that amount is not possible by reference to the payer's tax year, the Pay & Refund shall apply accordingly to the payer's current financial year and, in its absence, with respect to the payer's other period with features specific to the financial year, no longer however than 23 consecutive months.

Based on Art. 26.2ca of the CIT Act, the entities making payments through securities accounts or Omnibus Accounts are obliged to provide the entities maintaining these accounts, at least 7 days before the payment is made, with information about the existence of Affiliations between them and the taxpayer and about exceeding the amount of PLN 2,000,000. Entities providing this information are required to update it before making the payment in the event of a change in the circumstances covered by the information.

Under Art. 26.2k of the CIT Act, if the payment was made in a foreign currency, to determine whether the amount to which the Pay & Refund applies was exceeded, the amounts paid are converted into Polish Zloty at the average exchange rate published by the National Bank of Poland on the last business day preceding the payment day.

Under Art. 26.2l of the CIT Act, if it is not possible to determine the amount paid to the same taxpayer, it is presumed that it exceeded the amount from which the & Refund applies.

Furthermore, there are certain exemptions from the Pay & Refund regime that require the tax remitter to undertake certain actions.

In the case of withholding tax being a result of the Pay & Refund, if double tax treaties or special regulations provide for a tax exemption or reduced tax rate, the taxpayer or tax remitter (if the tax remitter has paid tax with its own funds and has borne the economic burden of such tax, e.g. as a result of a gross-up clause) may apply for a refund of that tax by submitting the relevant documents and declarations. When recognizing that the refund is justified, the tax authorities shall carry it out within six months.

Pay & Refund might not apply in the case of the special exemption applicable to Notes meeting certain conditions referred to above.

Personal income tax

Analogous provisions apply to personal income tax, including Art. 41.12 of the PIT Act which provides for an analogous Pay & Refund mechanism.

7. **Withholding taxation of certain payments made to tax havens**

Based on Art. 26.1m of the CIT Act, if a tax remitter makes a payment on account of certain capital profits (e.g. revenues from financial instruments, including interest and capital gains) to a corporate entity with its registered seat or effective place of management in a tax haven, such tax remitter is obliged to withhold tax at 19% rate calculated from the amount being paid out.

The list of the tax havens is included in the Regulation of the Minister of Finance from 28 march 2019 on identifying the countries and territories applying harmful tax competition for corporate taxation purposes.

Tax remitter's liability

8. Under Article 30 paragraph 1 of the Act of 29 August 1997 – Tax Ordinance (the "**Tax Ordinance**"), a tax remitter that has not performed its obligation to calculate and withhold tax from a taxpayer, or to transfer the appropriate amount of tax to the relevant tax office, is liable for tax not withheld, or tax withheld but not transferred to the relevant tax office. The remitter is liable

for those obligations with all of its assets. Under Article 30 paragraph 5 of the Tax Ordinance, the provisions on the tax remitter's liability do not apply if separate provisions provide otherwise, or if the tax has not been withheld through the taxpayer's fault (save for particular cases set out in of Article 30 paragraph 5a of the Tax Ordinance).

9. **Civil Law Activities Tax**

Neither an issue of Notes nor the redemption of Notes is subject to the civil law activities tax (the "**CLAT**").

Under Article 1 clause 1 point 1) a) of the Act on the Civil Law Activities Tax of 9 September 2000 (the "**CLAT Act**"), agreements for the sale or exchange of assets or proprietary rights are subject to civil law activities tax. The Notes should be considered as representing proprietary rights. Transactions are taxable if the following are the subject thereof:

- assets located in Poland or proprietary rights exercisable in Poland;
- assets located abroad or proprietary rights exercisable abroad if the acquirer's place of residence or registered office is located in Poland and the civil law transaction was concluded in Poland.

Although this is not clearly addressed in the law, in principle the Notes should be considered rights exercisable in Poland.

The CLAT on the sale of the Notes (which, as a rule, are considered rights) is 1 per cent. of their fair 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 public notary.

However, under Article 9 clause 9 of the CLAT Act, a CLAT exemption applies to the sale of proprietary rights that are financial instruments (including the Notes):

(i) to investment firms or foreign investment firms;

(ii) through the intermediary of investment firms or foreign investment firms;

(iii) in organised trading; or

(iv) outside organised trading by investment firms or foreign investment firms if the proprietary rights were acquired by those firms in organised trading,

within the meaning of the provisions of the Act on Trading in Financial Instruments.

10. **European Union Directives on Administrative Co-operation in the Field of Taxation and the Taxation of Savings Income**

The European Union adopted Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, on administrative co-operation in the field of taxation and repealing Council Directive 2003/48/EC, regarding the taxation of savings income. From 1 July 2005, Member States have been required to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a person to an individual resident in another Member State. A number of non-EU countries and territories (referred to in that Directive) adopted equivalent measures from the same date.

Notwithstanding the repeal of Council Directive 2003/48/EC (as amended by Directive 204/48/EU), equivalent measures continue to apply in Poland pursuant to the Act on the Exchange of Tax Information with other countries of 9 March 2017.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated on or about 13 September 2024, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

General

Each Dealer has severally represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

The United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in the preceding sentence have the meaning given to them by Regulation S.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, (the "**Code**") and regulations thereunder. The applicable terms of the Notes will identify whether the TEFRA D or TEFRA C apply or whether TEFRA is not applicable.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, and as described below, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time, or (ii) otherwise until forty days after the completion of the distribution of the Notes comprising the relevant Series, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of U.S. persons. Terms used in the preceding sentence have the meaning given to them by Regulation S.

In addition, until forty days after the commencement of the offering of Notes comprising any Series, any offer or sale of Notes of such Series within the United States by a Dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Each purchaser of Notes sold outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S), and (b) it is not an affiliate of the Bank or a person acting on behalf of such an affiliate.

(ii) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Rule 903 or Rule 905 of Regulation S, in accordance with any applicable securities laws of any State of the United States.

(iii) It understands that such Notes, unless otherwise determined by the Bank in accordance with applicable law, will bear a legend in or substantially in the following form:

"THIS INSTRUMENT HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT."

(iv) It understands that the Bank, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. Furthermore, each Series of Notes will also be subject to such further United States selling restrictions as the Bank and the relevant Dealer or Dealers may agree and as indicated in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).

Prohibition of sales to EEA Retail Investors

Unless the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes specified the "Prohibition of sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes) in relation thereto to any retail investor in the European Economic Area (the "**EEA**"). For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**");

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in the Prospectus Regulation.

Public Offer Selling Restriction Under the Prospectus Regulation

If the applicable Final Terms (or applicable Pricing Supplement, in the case of the Exempt Notes) in respect of any Notes specify "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each member state of the EEA ("**Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in relation thereto to the public in that Member State except that it may make an offer of Notes to the public in that Member State:

(a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) *Fewer than 150 offerees*: at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes specified the "Prohibition of sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**");

(b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or

(c) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.

Public Offer Selling Restriction Under the UK Prospectus Regulation

If the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in respect of any Notes specify "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed and each further dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offeror; or

(c) at any time in any other circumstances falling within section 86 of the FSMA.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA, or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Other Regulatory Restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

Each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree, that it has only offered or sold and will only offer or sell, directly or indirectly, Notes in France to qualified investors (*investisseurs qualifiés*) as referred to in Article L.411-2 1° of the French *Code monétaire et financier* and defined in Article 2(e) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended, and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors this Base Prospectus, any Final Terms (or Pricing Supplements, in the case of Exempt Notes) or any other offering material relating to the Notes.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Switzerland

The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**"), except pursuant to and in accordance with an exemption from the prospectus requirements of the FinSA. No application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

Information for the Affiliated Entities (as defined below) of the Issuer

In order to comply with the obligation to act with due care, as referred to in Article 41 section 25 of the PIT Act and Article 26 section 1ae 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 (discount), 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 (Affiliated Entities) with the issuer of the securities, 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 securities.

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 the 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 exemption from the obligation to withhold tax referred to in Article 41 section 24a of the PIT Act and Article 26 section 1aa of the CIT Act.

Republic of Italy

Offerings of the Notes have not been, and will not be, registered pursuant to Italian securities legislation or with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy (in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations), except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any application provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and CONSOB; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

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 under paragraphs (a) and (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with 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 (the "**Italian Banking Act**") (in each case as amended from time to time) and any other applicable laws and regulations; and

(ii) in compliance with any other applicable laws and regulations (including article 100 bis of the Italian Financial Services Act, where applicable) imposed by the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) or requirements imposed by CONSOB or any other Italian authority.

Provisions relating to the secondary market in the Republic of Italy

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, the Prospectus Regulation and Financial Services Act may require compliance with the law relating to public offers of securities. Furthermore, Article 100-bis of Financial Services Act provides that where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under the Prospectus Regulation or Financial Services Act applies.

GENERAL INFORMATION

Authorisation

The update of the Programme has been duly authorised by a resolution of the Management Board of the Issuer dated 13 August 2024.

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 13 September 2024.

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 H1 2024 Condensed Consolidated Financial Statements, the 2023 Consolidated Financial Statements and the 2022 Consolidated Financial Statements;

(c) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited semi-annual financial statements (if any) of the Issuer (in each case, with an English translation thereof), together with any audit or review reports prepared in connection therewith;

(d) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(e) a copy of this Base Prospectus;

(f) any future Base Prospectuses, prospectuses, information memoranda, supplements, Final Terms (or Pricing Supplements, in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and

(g) in the case of each issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

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

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code, ISIN, FISN and CFI code for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes). If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes or Reset Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms (or the applicable Pricing Supplement, in the case of Exempt Notes). The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant/Material Adverse Change

There has been no material adverse change in the prospects of the Issuer and its subsidiaries, taken as a whole, since 31 December 2023. There has been no significant change in the financial position or financial performance of the Issuer and its subsidiaries, taken as a whole, since 30 June 2024.

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

On 31 March 2022 KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa ("**KPMG**") was appointed as the external auditor of the Group. KPMG is registered on the list of audit firms maintained by the Polish Audit Oversight Agency under the number 3546.

KPMG have audited the 2023 Consolidated Financial Statements and the 2022 Consolidated Financial Statements and issued unmodified independent auditors' reports for each of the 2023 Consolidated Financial Statements and the 2022 Consolidated Financial Statements dated 27 February 2024 and 28 February 2023, respectively. KPMG have reviewed the H1 2024 Condensed Consolidated Financial Statements in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted by the resolution of the National Council of Statutory Auditors as the National Standard on Review 2410 and have issued an unmodified review conclusion on the H1 2024 Condensed Consolidated Financial Statements.

The auditor's reports in respect of the 2023 Consolidated Financial Statements and the 2022 Consolidated Financial Statements (each as incorporated by reference herein) are incorporated herein in the form and context in which they appear.

Dealers Transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer, and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Validity of the Base Prospectus

For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

ISSUER

mBank S.A.
ul. Prosta 18
00-850 Warsaw
Poland

ARRANGER AND DEALER
Commerzbank Aktiengesellschaft
Kaiserstraße 16 (Kaiserplatz)
60311 Frankfurt am Main
Germany

DEALERS

Barclays Bank Ireland PLC
One Molesworth Street
Dublin 2
D02RF29
Ireland

Erste Group Bank AG
Am Belvedere 1
1100 Vienna
Austria

HSBC Continental Europe
38 avenue Kléber
75116 Paris
France

J.P. Morgan SE
Taunustor 1
60310 Frankfurt am Main
Germany

UBS Europe SE
Bockenheimer Landstraße 2-4
60306 Frankfurt am Main
Germany

UniCredit Bank GmbH
Arabellastraße 12
81925 Munich
Germany

ISSUE AND PRINCIPAL PAYING AGENT

Deutsche Bank Aktiengesellschaft
Trust & Security Services
Taunusanlage 12
60325 Frankfurt am Main
Germany

LISTING AGENT

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
1115 Luxembourg
Grand Duchy of Luxembourg

AUDITORS TO THE ISSUER

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
ul. Inflancka 4a
00-189 Warsaw
Poland

LEGAL ADVISERS

To the Issuer as to English law

To the Issuer as to Polish law

Dentons UK and Middle East LLP
1 Fleet Place
London EC4M 7WS
United Kingdom

Dentons Europe
Dąbrowski i Wspólnicy sp.k.
ul. Zajęcza 4
00-351 Warsaw
Poland

To the Arranger and Dealers as to English law

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

To the Arranger and Dealers as to Polish law

White & Case M. Studniarek i Wspólnicy – Kancelaria Prawna sp.k.
al. Jana Pawła II 22
00-133 Warsaw
Poland