

*This prospectus constitutes a base prospectus (the **Base Prospectus** or the **Prospectus**) in respect of non-equity securities within the meaning of Article 22 Para.(6) No. 4 of the Commission Regulation (EC) No 809/2004 of 29 April 2004, as amended (the **Prospectus Regulation**).*

BASE PROSPECTUS



mFINANCE FRANCE S.A.

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

€3,000,000,000

**Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed by**

mBank S.A.

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

Under this €3,000,000,000 Euro Medium Term Note Programme (the **Programme**), mFinance France S.A. (formerly known as BRE Finance France S.A., the **Issuer**) 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 payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by mBank S.A. (formerly known as BRE Bank S.A., the **Guarantor** or the **Bank**, and together with its consolidated subsidiaries, the **Group**).

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), subject to increase as described herein.

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

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the **Prospectus Act 2005**) to approve this document as a base prospectus (*Loi*

relative aux prospectus pour valeurs mobilières; which implements Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003) (as amended, which includes the amendments made by Directive 2010/73/EU). 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 accordance with Article 7(7) of the Prospectus Act 2005. This Base Prospectus will be published in electronic form, together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu). Application has also been made to the Luxembourg Stock Exchange for 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.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to the Official List of the Luxembourg Stock Exchange and have been 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 the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The requirement to publish a prospectus under the Prospectus Directive (as defined below) 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 European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

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, the Guarantor and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer has requested the CSSF to provide each of the competent authorities of the Federal Republic of Germany (**Germany**), The Netherlands, the Republic of Austria (**Austria**), the United Kingdom and the Republic of Poland (**Poland**) with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Act 2005 (the **Notification**). The Issuer may request the CSSF to provide the competent authorities in additional member states of the EEA with similar certificates of approval.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (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 under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Official List of the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

Arranger
Commerzbank
Dealers

Barclays
Commerzbank
Deutsche Bank
Erste Group
J.P. Morgan

BofA Merrill Lynch
Credit Suisse
DZ BANK AG
HSBC
UBS Investment Bank

UniCredit Bank

The date of this Base Prospectus is 24 March 2015.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**).

The Issuer and the Guarantor accept 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 and the Guarantor (each 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.

Each of the Issuer and the Guarantor 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 which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated 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 or the Guarantor 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 or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer or the Guarantor 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, the Guarantor 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, the Guarantor 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 and/or the Guarantor. 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 the Guarantor, 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 herein concerning the Issuer and/or the Guarantor 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 the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

None of the Dealers, the Issuer or the Guarantor makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Investors should consult the Issuer should they require a copy of the 2006 ISDA Definitions.

The rating of certain Series of Unsubordinated Notes to be issued under the Programme may be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). Whether or not each credit rating applied for in relation to relevant Series of Unsubordinated Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) will be disclosed in the Final Terms. At the date of this Base Prospectus, the Subordinated Notes are not intended to be rated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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, the Guarantor and the Dealers represent 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 assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the Guarantor or the Dealers which 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 European Economic Area (including the United Kingdom, France and Italy, see "*Subscription and Sale*").

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
- (e) is able to evaluate 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.

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 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 that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. 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 be ended 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.

PRESENTATION OF INFORMATION

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

In this Base Prospectus, all references to:

- **U.S. dollars, U.S.\$** and **\$** refer to United States dollars;
- **CHF** refer to the lawful currency of Switzerland;
- **PLN, zloty** or **zlotys** refer to the lawful currency of Poland;
- **Sterling, GBP** and **£** refer to pounds sterling; and
- **euro, EUR** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. On 23 March 2015, the National Bank of Poland (the **NBP**) exchange rate between the euro and zloty was 1 EUR – 4.1287 PLN, the exchange rate between United States dollars and zloty was 1 USD – 3.8180 PLN and the exchange rate between the Swiss Franc and zloty was 1 CHF – 3.9055 PLN.

TABLE OF CONTENTS

	Page
Summary of the Programme.....	10
Risk Factors.....	33
Important Information relating to Non-exempt Offers of Notes.....	61
Overview of the Programme.....	67
Documents incorporated by Reference.....	71
Form of the Notes.....	74
Applicable Final Terms.....	76
Applicable Pricing Supplement.....	99
Terms and Conditions of the Notes.....	108
Use of Proceeds.....	135
Selected Financial Information of the Issuer and Overview of the Group's Financial Condition.....	136
Description of the Group.....	142
Risk Management.....	169
Market and Legal Environment.....	173
Description of the Issuer.....	178
General Information on the Bank.....	180
Management and Supervisory Corporate Authorities.....	188
Taxation.....	210
Subscription and Sale.....	227
General Information.....	231

SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes, the Issuer and the Guarantor. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.

Section A – Introduction and warnings

Element	
A.1	<ul style="list-style-type: none"> • This summary should be read as an introduction to the Base Prospectus; • any decision to invest in any Notes should be based on consideration of this Base Prospectus as a whole by the investor; • where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled this summary, including any translation hereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or, it does not provide, when read together with the other parts of this Base Prospectus, key information (as defined in Article 2.1(s) of the Prospectus Directive) in order to aid investors when considering whether to invest in the Notes.
A.2	<p>Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a Non-exempt Offer.</p> <p>[Not Applicable; the Notes are not being offered to the public as part of a Non-exempt Offer.]</p> <p>[<i>Consent</i>: Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Non-exempt Offer of Notes by the Managers[, [<i>names of specific financial intermediaries listed in final terms</i>,] [and] [each financial intermediary whose name is published on the Issuer's website (http://www.mbank.pl/en/investor-relations/ratings/) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer] [and any financial intermediary which is authorised to make such offers under applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) and publishes on its website the following statement (with the information in square brackets being duly completed with the relevant information):</p> <p>"We, [<i>insert legal name of financial intermediary</i>], refer to the offer of the [<i>insert title of relevant Notes</i>] (the Notes) described in the Final Terms dated [<i>insert date</i>] (the Final</p>

Element	
	<p><i>Terms) published by [] (the Issuer). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [specify Member State(s)] during the Offer Period and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and we are using the Base Prospectus accordingly."</i></p> <p><i>Offer period:</i> The Issuer's consent referred to above is given for Non-exempt Offers of Notes during [offer period for the issue to be specified here] (the Offer Period).</p> <p><i>Conditions to consent:</i> The conditions to the Issuer's consent (in addition to the conditions referred to above) are that such consent (a) is only valid during the Offer Period; and (b) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in [specify: Germany, The Netherlands, Austria, Luxembourg, the United Kingdom and/or Poland and each other relevant Member State in which the particular Tranche of Notes can be offered].</p> <p>AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.]</p>

Section B – Issuer and Guarantor

Element	Title	
B.1	Legal and commercial name of the Issuer	mFinance France S.A.
B.2	Domicile/ legal form/ legislation/ country of incorporation	The Issuer is incorporated and operates under French law as a <i>société anonyme</i> in the Republic of France pursuant to French law. It has its seat in Paris and is domiciled in Paris, France.
B.4b	Trend information	Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.
B.5	Description of the Group	<p>mBank S.A. (formerly known as BRE Bank SA, the Guarantor or the Bank), together with its consolidated subsidiaries (the Group) is one of the largest financial services groups in Poland providing retail, corporate and investment banking as well as other financial services. Moreover, the Group has leading positions in brokerage, commercial real estate financing, factoring, leasing and distribution of insurance products. The Issuer is a special purpose entity directly owned by the Guarantor whose purpose is to raise funds for the Guarantor through the issuance of debt securities on international financial markets.</p> <p>On 8 December 2014, the Bank concluded an agreement on the sale of 100 per cent. of the shares of Transfinance a.s. to UniCredit Bank Czech Republic and Slovakia a.s. The transaction was finalised on 20 January 2015. On 11 September 2014, Aspiro S.A.- the shareholder of BRE Ubezpieczenia TUiR, concluded an agreement with the AXA Group on the sale of 100 per cent. of BRE Ubezpieczenia TUiR's shares. The sale will be completed after obtaining consent from the Polish Financial Supervision Authority (<i>Komisja Nadzoru Finansowego</i>) (the KNF).</p> <p>The diagram below shows the structure of the Group as at the date of this Base Prospectus:</p>

Element	Title	
B.9	Profit forecast or estimate	Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus.
B.10	Audit report qualifications	Not Applicable - No qualifications are contained in any audit report included or incorporated by reference in the Base Prospectus.

Element	Title																																																										
B.12	<p>Selected historical key financial information of the Issuer:</p> <p><i>Income Statements</i></p> <p>The table below sets out summary information extracted from the Issuer's audited income statements for each of the two years ended 31 December 2013 and 31 December 2014:</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">Year ended 31 December</th> </tr> <tr> <th></th> <th>2014</th> <th>2013</th> </tr> <tr> <th></th> <th></th> <th>(EUR)</th> </tr> </thead> <tbody> <tr> <td>Sold production</td> <td>150,298</td> <td>138,369</td> </tr> <tr> <td>Operating income</td> <td>6,644</td> <td>28,883</td> </tr> <tr> <td>Financial revenue</td> <td>29,806,322</td> <td>15,500,626</td> </tr> <tr> <td>Financial expenses</td> <td>(29,823,753)</td> <td>(15,501,365)</td> </tr> <tr> <td>Net income/(loss)</td> <td>(10,787)</td> <td>26,932</td> </tr> </tbody> </table> <p><i>Source: Standalone financial statements of the Issuer for the years ended 31 December 2014 and 31 December 2013</i></p> <p><i>Balance Sheets</i></p> <p>The table below sets out summary information extracted from the Issuer's audited balance sheets as at 31 December 2013 and 31 December 2014:</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">As at 31 December</th> </tr> <tr> <th></th> <th>2014</th> <th>2013</th> </tr> <tr> <th></th> <th></th> <th>(EUR)</th> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td>1,702,214,265</td> <td>685,508,851</td> </tr> <tr> <td>Supplier debts & related accounts</td> <td>36,081</td> <td>31,102</td> </tr> <tr> <td>Other bonded debts and loans and debts with credit institutions</td> <td>1,698,334,133</td> <td>685,169,520</td> </tr> <tr> <td>Debts</td> <td>1,698,370,214</td> <td>685,200,622</td> </tr> <tr> <td>Shareholder's equity</td> <td>156,180</td> <td>166,967</td> </tr> <tr> <td>Provisions for risks</td> <td>18,184</td> <td>548</td> </tr> <tr> <td>Translation adjustment - Liabilities</td> <td>3,669,687</td> <td>140,714</td> </tr> <tr> <td>Total Liabilities</td> <td>1,702,214,265</td> <td>685,508,851</td> </tr> </tbody> </table> <p><i>Source: Standalone financial statements of the Issuer for the years ended 31 December 2014 and 31 December 2013</i></p> <p><i>Statements of no significant or material adverse change</i></p> <p>There has been no significant change in the financial or trading position of the Issuer since 31 December 2014 and there has been no material adverse change in the prospects of the Issuer since 31 December 2014.</p>			Year ended 31 December			2014	2013			(EUR)	Sold production	150,298	138,369	Operating income	6,644	28,883	Financial revenue	29,806,322	15,500,626	Financial expenses	(29,823,753)	(15,501,365)	Net income/(loss)	(10,787)	26,932		As at 31 December			2014	2013			(EUR)	Total assets	1,702,214,265	685,508,851	Supplier debts & related accounts	36,081	31,102	Other bonded debts and loans and debts with credit institutions	1,698,334,133	685,169,520	Debts	1,698,370,214	685,200,622	Shareholder's equity	156,180	166,967	Provisions for risks	18,184	548	Translation adjustment - Liabilities	3,669,687	140,714	Total Liabilities	1,702,214,265	685,508,851
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B.13	Events impacting the Issuer's solvency	Not Applicable - There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.																																																									
B.14	Dependence upon other group entities	The Issuer is dependent on the Guarantor and other members of the Group servicing debt on-lent by the Issuer as described in																																																									

Element	Title	
		item B.15 below. See also B.5 above.
B.15	Principal activities	The principal activity of the Issuer is to assist in the financing of the Guarantor by raising debt to be on-lent to the Guarantor.
B.16	Controlling shareholders	The Bank holds directly and indirectly shares representing 99.97 per cent. of the share capital of the Issuer, which entitles it to exercise 99.97 per cent. of the total number of voting rights at the General Shareholders' Meeting.
B.17	Rating	<p>Not applicable in respect of credit ratings assigned to the Issuer as the Issuer is not rated by any credit rating agency.</p> <p>The rating of certain Series of Unsubordinated Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Unsubordinated Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation) will be disclosed in the Final Terms. At the date of this Base Prospectus, the Subordinated Notes are not intended to be rated.¹</p> <p>[Not Applicable – no ratings have been assigned to the Notes at the request of or with the cooperation of the Issuer in the rating process.]</p> <p>[The Notes [have been/are expected to be] rated [<i>specify rating(s) of Tranche being issued</i>] by [<i>specify rating agenc(ies)</i>].]</p>
B.18	Description of the Guarantee	<p>[The payment of principal and interest in respect of the Unsubordinated Notes has been unconditionally and irrevocably guaranteed by the Guarantor in the Deed of Covenant and Guarantee dated 24 March 2015 (the Deed of Covenant) (the Senior Guarantee). The obligations of the Guarantor under the Senior Guarantee constitute direct, unconditional, unsubordinated and (subject to the Guarantor's negative pledge described in Element C.8 below) unsecured obligations of the Guarantor and rank <i>pari passu</i> without any preference among themselves and at least <i>pari passu</i> with all other unsubordinated and unsecured obligations of the Guarantor present and future (save for certain mandatory exceptions provided by Polish law).]</p> <p>[The Guarantor has irrevocably and unconditionally guaranteed the due payment of all sums expressed to be payable under the Subordinated Notes on a subordinated basis in the Deed of Covenant and Guarantee dated on or about 24 March 2015 (the Deed of Covenant) (the Subordinated Guarantee). The obligations of the Guarantor under the Subordinated Guarantee</p>

¹ Delete this paragraph when preparing an issue specific summary.

Element	Title	
		constitute unsecured and subordinated obligations of the Guarantor to the extent that, in the event of the bankruptcy, liquidation, dissolution or other winding up of the Guarantor, and to the extent permitted by Polish law, payment by the Guarantor will be subordinated to claims against the Guarantor of all unsubordinated creditors of the Guarantor and to claims preferred under Polish law generally.]
B.19	Information about the Guarantor	
B.19/B.1	Legal and commercial name of the Guarantor	mBank S.A.
B.19/B.2	Domicile/ legal form/ legislation/ country of incorporation	The Guarantor is incorporated as a joint stock company in the Republic of Poland and operates under Polish law. The Guarantor has its seat in Warsaw and is domiciled in Warsaw, Poland. The Guarantor was formerly known as BRE Bank SA.
B.19/B.4b	Trend information	Not Applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Guarantor's prospects for its current financial year.
B.19/B.5	Description of the Group	<p>The Group is one of the largest financial services groups in Poland providing retail, corporate and investment banking as well as other financial services. Moreover, the Group has leading positions in brokerage, commercial real estate financing, factoring, leasing and distribution of insurance products.</p> <p>On 8 December 2014, the Bank concluded an agreement on the sale of 100 per cent. of the shares of Transfinance a.s. to UniCredit Bank Czech Republic and Slovakia a.s. The transaction was finalised on 20 January 2015. On 11 September 2014, Aspiro S.A.- the shareholder of BRE Ubezpieczenia TUiR, concluded an agreement with the AXA Group on the sale of 100 per cent. of Ubezpieczenia TUiR's shares. The sale will be completed after obtaining consent from the KNF.</p> <p>The diagram below shows the structure of the Group as at the date of this Base Prospectus:</p>

Element	Title																						
B.19/B.9	Profit forecast or estimate	Not Applicable - No profit forecasts or estimates have been made in the Base Prospectus.																					
B.19/B.10	Audit report qualifications	Not Applicable - No qualifications are contained in any audit opinion included or incorporated by reference in the Base Prospectus.																					
B.19/B.12	<p>Selected historical key financial information of the Group:</p> <p>Consolidated Income Statements</p> <p>The table below sets out summary information extracted from the Group's audited consolidated income statements for each of the two years ended 31 December 2014 and 31 December 2013:</p>	<table border="1"> <thead> <tr> <th></th> <th colspan="2">Year ended 31 December</th> </tr> <tr> <th></th> <th>2014</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="2" style="text-align: center;">(PLN thousands)</td> </tr> <tr> <td>Net interest income</td> <td>2,490,658</td> <td>2,225,811</td> </tr> <tr> <td>Net fee and commission income</td> <td>901,690</td> <td>834,738</td> </tr> <tr> <td>Trading and other income*</td> <td>546,820</td> <td>612,975</td> </tr> <tr> <td>Operating income**</td> <td>3,939,168</td> <td>3,673,524</td> </tr> </tbody> </table>		Year ended 31 December			2014	2013		(PLN thousands)		Net interest income	2,490,658	2,225,811	Net fee and commission income	901,690	834,738	Trading and other income*	546,820	612,975	Operating income**	3,939,168	3,673,524
	Year ended 31 December																						
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Trading and other income*	546,820	612,975																					
Operating income**	3,939,168	3,673,524																					

Element	Title		
	Overhead costs, amortisation	(1,770,565)	(1,678,043)
	Net impairment losses on loans and advances	(515,903)	(477,778)
	Operating profit	1,652,700	1,517,703
	Profit before income tax	1,652,700	1,517,703
	Net profit	1,289,310	1,208,978
	Net profit attributable to:		
	Owners of mBank S.A.	1,286,668	1,206,375
	Non-controlling interests	2,642	2,603
	<i>Source: Consolidated Financial Statements</i>		
	<i>* incl. Dividend income, Net trading income, Gains less losses from investment securities, investments in subsidiaries and associates and Other operating income less Other operating expenses.</i>		
	<i>** Defined as a sum of Net interest income, Net fee and commission income and Trading and other income</i>		
	Consolidated Statements of Financial Position		
	The table below sets out summary information extracted from the Group's audited consolidated statements of financial position as at 31 December 2014 and 31 December 2013:		
		As at 31 December	
		2014	2013
		<i>(PLN thousands)</i>	
	ASSETS		
	Cash and balances with the Central Bank	3,054,549	1,650,467
	Loans and advances to banks	3,751,415	3,471,241
	Trading securities	1,163,944	763,064
	Derivative financial instruments	4,865,517	2,349,585
	Loans and advances to customers	74,582,350	68,210,385
	Investment securities	27,678,614	25,341,763
	Other assets*	2,889,433	2,496,256
	Total assets	117,985,822	104,282,761
	LIABILITIES		
	Amounts due to other banks	13,383,829	19,224,182
	Derivative financial instruments	4,719,056	2,459,715
	Amounts due to customers	72,422,479	61,673,527
	Debt securities in issue	10,341,742	5,402,056
	Subordinated liabilities	4,127,724	3,762,757
	Other liabilities**	1,918,012	1,504,086
	Total liabilities	106,912,842	94,026,323
	Total equity	11,072,980	10,256,438
	Total liabilities and equity	117,985,822	104,282,761
	<i>Source: Consolidated Financial Statements</i>		
	<i>* includes Hedge accounting adjustments related to fair value of hedged items, Intangible assets, Tangible assets, Current income tax assets, Deferred income tax assets Other assets and Non-current assets held for sale</i>		
	<i>**includes: Hedge accounting adjustments related to fair value of hedged items, Other liabilities, Current income tax</i>		

Element	Title																
		<p><i>liabilities, Deferred income tax liabilities, Provisions and Liabilities held for sale</i></p> <p>Statements of no significant or material adverse change</p> <p>There has been no significant change in the financial or trading position of the Guarantor and the Group since 31 December 2014 and there has been no material adverse change in the prospects of the Guarantor and the Group since 31 December 2014.</p>															
B.19/B.13	Events impacting the Guarantor's solvency	Not Applicable - There are no recent events particular to the Guarantor which are to a material extent relevant to an evaluation of its solvency.															
B.19/B.14	Dependence upon other Group entities	The Guarantor relies on its subsidiary companies to offer additional services and products to its clients, including: brokerage, factoring and leasing.															
B.19/B.15	The Guarantor's Principal activities	The Bank provides retail, corporate and investment banking as well as other financial services in Poland. In addition, its retail banking products and services are offered in the Czech Republic and Slovakia. The Bank offers its retail clients a full range of products and services, including current and savings accounts (including foreign currency accounts), term deposits, lending products (including mortgage loans, consumer loans, car loans, cash loans, overdrafts, credit cards and other products), debit cards, insurance and investment products and brokerage services. The Bank offers its corporate banking customers a broad range of products and services, including current accounts, internet banking based cash management services, term deposits, foreign exchange transactions, short-term financing and investment loans, cross-border credit, project finance and trade finance solutions, structured and mezzanine finance services, and investment banking services and products.															
B.19/B.16	Controlling shareholders	Commerzbank is the principal shareholder of the Bank. As of the date of the Base Prospectus, Commerzbank holds shares representing 69.54 per cent. of the Bank's share capital and of the total number of votes at the General Shareholders' Meeting.															
B.19/B.17	Credit ratings	<p>The Guarantor has been assigned the following ratings as at the date of this Base Prospectus:</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: center;">Fitch Polska S.A.</th> <th style="text-align: center;">Standard & Poor's Credit Market Services Italy S.r.l.</th> </tr> </thead> <tbody> <tr> <td>Long-term rating of deposits/liabilities.....</td> <td style="text-align: center;">A</td> <td style="text-align: center;">BBB+</td> </tr> <tr> <td>Short-term rating of deposits/liabilities.....</td> <td style="text-align: center;">F1</td> <td style="text-align: center;">A-2</td> </tr> <tr> <td>Support rating.....</td> <td style="text-align: center;">1</td> <td style="text-align: center;">–</td> </tr> <tr> <td>Viability rating.....</td> <td style="text-align: center;">bbb-</td> <td style="text-align: center;">–</td> </tr> </tbody> </table>		Fitch Polska S.A.	Standard & Poor's Credit Market Services Italy S.r.l.	Long-term rating of deposits/liabilities.....	A	BBB+	Short-term rating of deposits/liabilities.....	F1	A-2	Support rating.....	1	–	Viability rating.....	bbb-	–
	Fitch Polska S.A.	Standard & Poor's Credit Market Services Italy S.r.l.															
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Short-term rating of deposits/liabilities.....	F1	A-2															
Support rating.....	1	–															
Viability rating.....	bbb-	–															

Element	Title	
		Outlook of long-term rating negative CreditWatch with negative implications
		<p><i>Source: Fitch Ratings, Standard & Poor's</i></p> <p>Standard & Poor's Credit Market Services Italy S.r.l. (S&P) has assigned the long term credit rating BBB+ (CreditWatch with negative implications). Pursuant to S&P's rating definitions, the assigned credit rating of the Bank means the "obligor...has adequate capacity to meet 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". Whereas, the "+" indicates the highest relative standing in that rating category and "CreditWatch with negative implications" indicates that the credit rating may be lowered after the current review is concluded.²</p> <p>S&P has assigned a short term credit rating A-2. 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."</p> <p>Fitch Polska S.A. (Fitch) has assigned the long term credit rating A (negative outlook). Pursuant to Fitch's rating definitions, the assigned credit rating of the Bank denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. Whereas, the "negative outlook" indicates that the credit rating is likely to be downgraded over a one- to two-year period.³</p> <p>Fitch has assigned a short term credit rating F1. Pursuant to Fitch's rating definitions, the assigned short term credit rating of the Bank denotes the strongest intrinsic capacity for the timely payment of financial commitments.</p> <p>Fitch and S&P are established in the European Union and are registered under the CRA Regulation. As such Fitch and S&P are included in the list of credit rating agencies published by the</p>

² S&P assigns long-term credit ratings on a scale from AAA to D. The ratings from AA to CCC may be modified by the addition of a "+" or "-" to show the relative standing within the major rating categories. S&P may also offer guidance (termed a "credit watch") as to whether a rating is likely to be upgraded (positive), downgraded (negative) or uncertain (neutral). S&P assigns short-term credit ratings for specific issues on a scale from A-1, A-2, A-3, B, C down to D. Within the A-1 category the rating can be designated with a "+".

³ Fitch assigns long-term credit ratings on a scale from AAA to D. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Fitch may also offer guidance (termed a "rating watch") which indicates that there is a heightened probability of a rating change and the likely direction of such a change. These are designated as "Positive", indicating a potential upgrade, "Negative", for a potential downgrade, or "Evolving", if ratings may be raised, lowered or affirmed. Fitch assigns short-term credit ratings for specific issues on a scale from F1, F2, F3, B, C down to D. Within the F1 category the rating can be designated with a "+".

Element	Title	
		<p>European Securities and Markets Authority on its website in accordance with the CRA Regulation.</p> <p>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.</p>

Section C – Securities

Element	Title	
C.1	Description of Notes/ISIN	<p>The Notes issued under this Programme may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or a combination of the foregoing.⁴</p> <p>The Notes are [£/€/U.S.\$/other] [] [[] per cent./Floating Rate/Zero Coupon] Notes due [].</p> <p>International Securities Identification Number (ISIN): []</p> <p>Common Code: []</p> <p>[The Notes will be consolidated and form a single series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expected to occur on or about [date]].]</p>
C.2	Currency	<p>Subject to compliance with all applicable laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue.⁵</p> <p>The currency of this Series of Notes is [].</p>
C.5	Restrictions on transferability	Not Applicable – there are no restrictions on the free transferability of the Notes.
C.8	Rights attached to the Notes, including ranking and limitations on those rights	<p>Notes issued under the Programme will have terms and conditions relating to, among other matters:</p> <p><i>Status and Subordination (Ranking)</i></p> <p>Notes may be issued on either a senior or a subordinated basis.⁶</p> <p>[The Notes are Unsubordinated Notes constituting direct, unconditional, unsubordinated and (subject to the provisions of negative pledge below) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.]</p> <p>[The Notes are deeply subordinated notes of the Issuer</p>

⁴ Delete this paragraph when preparing an issue specific summary.

⁵ Delete this paragraph when preparing an issue specific summary.

⁶ Delete this paragraph when preparing an issue specific summary.

Element	Title	
		<p>issued pursuant to the provisions of Article L. 228-97 of the French <i>Code de commerce</i>. The Notes are Subordinated Notes and [the Coupons] constitute unsecured subordinated obligations of the Issuer and rank <i>pari passu</i> without any preference among themselves and (save for certain obligations required to be preferred by law) at least <i>pari passu</i> with all present and future, direct, unconditional unsecured and subordinated obligations of the Issuer outstanding from time to time, but in priority to the <i>prêts participatifs</i> granted to the Issuer.]</p> <p><i>Negative pledge</i></p> <p>[The terms of the Unsubordinated Notes contain a negative pledge provision which provides that the Issuer shall 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, except that the Issuer shall be permitted to maintain deposits (<i>kaucja</i>) or substantially similar other deposits with the Guarantor as security for guarantees granted by the Guarantor of Relevant Indebtedness of the Issuer.</p> <p>The terms of the Guarantee in respect of Unsubordinated Notes contain a negative pledge provision which provides that the Guarantor will not create or have outstanding any Encumbrance upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant External Indebtedness unless the Guarantor shall, in the case of the creation of an Encumbrance, before or at the same time, in any other case, promptly take any and all action necessary to ensure that:</p> <ul style="list-style-type: none"> (a) all amounts payable by the Guarantor under the Senior Guarantee are secured by the Encumbrance equally and ratably with the Relevant External Indebtedness; or (b) such other Encumbrance or other arrangement (whether or not it includes the creation of an Encumbrance) is provided as shall be approved by an Extraordinary Resolution (which is defined in the Agency Agreement as a resolution duly passed by a majority of not less than three-fourths of the votes cast) of holders; <p>provided that, the above provisions shall not apply to certain types of Encumbrances.]</p> <p>[The terms of the Subordinated Notes will not contain a</p>

Element	Title	
		<p>negative pledge provision.]</p> <p><i>The Notes may immediately become due and repayable prior to the Maturity Date upon the occurrence of certain events</i></p> <p>[The terms of the Unsubordinated Notes will contain, amongst others, the following events of default which, if any of them should occur and be continuing in relation to any Series of Notes, that Series may immediately become due and payable if the appropriate termination notice is given by a holder of such Note of the relevant Series:</p> <ul style="list-style-type: none"> (a) default in payment of principal or interest due in respect of the Notes, continuing for a specified period of time; (b) non-performance or non-observance by the Issuer or the Guarantor of any of their respective other material obligations under the conditions of the Notes or the Agency Agreement or (in the case of the Guarantor only) the Senior Guarantee or the Subordinated Guarantee, in certain cases continuing for a specified period of time; (c) (i) the Relevant Indebtedness of the Issuer, the Guarantor or certain other subsidiaries of the Issuer or the Guarantor becomes due and payable prematurely by reason of any event of default; or (ii) the Issuer, the Guarantor or certain other subsidiaries fail to make a payment in respect of any Relevant Indebtedness (in certain cases continuing for a specified period of time); or (iii) any security given by the Issuer, the Guarantor or certain other subsidiaries for any Relevant Indebtedness becomes enforceable; or (iv) default is made by the Issuer, the Guarantor or certain other 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, <i>provided that</i> no event shall be an event of default unless the Relevant Indebtedness or other relative liability either alone or when aggregated shall be continuing and amount to at least €10,000,000 or its equivalent in any other currency; (d) events relating to the cessation of business, the insolvency or winding up of the Issuer, the Guarantor or certain other subsidiaries of the Issuer or the Guarantor;

Element	Title	
		<p>(e) if the banking operations of the Guarantor are suspended or the Guarantor's banking licence is withdrawn pursuant to applicable Polish banking law;</p> <p>(f) either the Senior Guarantee or the Subordinated Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect; and</p> <p>(g) if the Issuer ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by the Guarantor.]</p> <p>[The terms of the Subordinated Notes will not contain any events of default.]</p> <p><i>Meetings of Noteholders</i></p> <p>The terms of the Notes will contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><i>Taxation</i></p> <p>All payments in respect of Notes will be made without deduction for or on account of withholding taxes imposed by France or Poland. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p>The Issuer is entitled to redeem the Notes prior to their Maturity Date for taxation reasons.</p> <p>All payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment 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 any law implementing an intergovernmental approach thereto.</p> <p><i>Governing law</i></p> <p>The Notes and the rights attaching to the Notes shall be</p>

Element	Title	
		governed and construed in accordance with English law except the subordination provisions of Condition 2.3 which shall be governed by, and construed in accordance with, French law.
C.9	Interest/Redemption	<p>Interest</p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate or a floating rate.⁷</p> <p>[The Notes bear interest [from their date of issue/from []]] at the fixed rate of [] per cent. per annum. The yield of the Notes is [] per cent. Interest will be paid [annually] in arrear on [] in each year. The first interest payment will be made on [].]</p> <p>[The Notes bear interest [from their date of issue/from []]] at floating rates calculated by reference to [<i>specify reference rate for Notes being issued</i>] [plus/minus] a margin of [] per cent. Interest will be paid [semi-annually] in arrear on [] and [] in each year, subject to adjustment for non-business days. The first interest payment will be made on [].]</p> <p>[The Notes do not bear any interest [and will be offered and sold at a discount to their nominal amount].]</p> <p>Redemption</p> <p>The terms under which the Notes may be redeemed (including the maturity date and the price at which they will be redeemed on the maturity date as well as any provisions relating to early redemption) will be agreed between the Issuer and the relevant Dealer at the time of issuance of the relevant Notes.⁸</p> <p>Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on [].</p> <p>The Notes may be redeemed prior to their stated maturity for tax reasons [or [<i>specify any other early redemption option (including Issuer Call or Investor Put applicable to the Notes being issued)</i>]] at [<i>specify the early redemption price applicable to the Notes being issued</i>].</p> <p>Representative of holders</p> <p>Not Applicable – No representative of the Noteholders has been appointed by the Issuer.</p>

⁷ Delete this paragraph when preparing an issue specific summary.

⁸ Delete this paragraph when preparing an issue specific summary.

Element	Title	
		Please also refer to Element C.8.
C.10	Derivative component in the interest payments	Not applicable – There is no derivative component in the interest payments made in respect of any Notes issued under the Programme.
C.11	Admission to trading	<p>Notes issued under the Programme may be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange or such other stock exchange or market specified below, or may be issued on an unlisted basis.⁹</p> <p>[Application [has been][is expected to be] made for the Notes to be admitted to trading on the [Regulated Market] of the [Luxembourg Stock Exchange].]</p> <p>[Not applicable – The Notes are not intended to be admitted to trading on any market.]</p>

⁹ Delete this paragraph when preparing an issue specific summary.

Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuer and the Guarantor	<p>In purchasing Notes, investors assume the risk that the Issuer and the Guarantor 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 and the Guarantor 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 and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the Guarantor have identified a number of factors which could materially adversely affect their and the Group's businesses and ability to make payments due under the Notes. These factors include risks associated with:</p> <ul style="list-style-type: none"> • the granting, financing and securing of loans denominated in foreign currencies and, in particular, in CHF; • regulatory and political risks related to a significant exposure of foreign currency-denominated loans, predominantly retail mortgage loans denominated in CHF; • counterparties - risks arising from the potential inability of the Group's counterparties to fulfil their obligations under transactions and financial instruments entered into with the Bank due to a number of factors, including, bankruptcies, lack of market or individual customer liquidity, economic downturns, adverse financial and market movements operational failures and increased economic and political uncertainty; • risk management methods. These may prove ineffective at mitigating credit risk; • a failure to successfully introduce new products and services or to implement the Group's strategy and raise brand awareness of the Group; • the Group's credit ratings. These may be lowered or withdrawn by the relevant rating agencies and any reduction in the Group's credit rating could increase its cost of funding and adversely affect its interest

Element	Title	
		<p>margins;</p> <ul style="list-style-type: none"> • the general macro-economic environment in which the Group operates. Such risks include regulatory changes which may affect the members of the Group including the Bank. The effects of the global financial crisis and its impact on the local economies in which the Group operates may have an adverse effect on the Group's business, financial condition and results of operations; • general disruptions experienced in the international capital markets. These may result in a reduction of available financing; • the Group's relationship with Commerzbank and its affiliates. Commerzbank holds corporate control over the Bank and the Group depends significantly on Commerzbank's funding. Commerzbank is not required to support the Bank.
D.3	Key risks regarding the Notes	<p>There are also risks associated with the Notes including a range of market risks as follows:</p> <ul style="list-style-type: none"> • [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 to achieve a similar effective return;] • [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;] • [Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates;] • [an investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency and further, under certain conditions, interest payments under Subordinated Notes must be deferred such that investors may experience a significant delay in receiving any interest due under the Notes and, in extreme cases, may lose their entitlement to interest;] • [the Subordinated Notes might not be treated as "subordinated notes" for regulatory capital purposes in Poland;]

Element	Title	
		<ul style="list-style-type: none"> • the conditions of the Notes may be modified without the consent of the holder in certain circumstances; • the holder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the Issuer in order to comply with applicable law; • investors are exposed to the risk of changes in law or regulation affecting the value of Notes held by them; • [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;] • there may be no or only a limited secondary market in the Notes and this would adversely affect the value at which an investor could sell his Notes; • the value of an investor's investment may be adversely affected by exchange rate movements where the Notes are not denominated in the investor's own currency[:/.] • [changes in interest rates will affect the value of Notes which bear interest at a fixed rate;] • [any credit rating assigned to the Notes may not adequately reflect all the risks associated with an investment in the Notes.]

Section E – Offer

Element	Title	
E.2b	Use of proceeds and reasons for the offer	<p>The net proceeds from the issue of Notes will be transferred to the ownership of the Guarantor and deposited to its account under the terms of a deposit agreement (<i>umowa kaucji</i>), establishing a deposit (<i>kaucja</i>), to be entered into between the Issuer and the Guarantor on or before the Issue Date, and will be used by the Guarantor for general corporate purposes, which include making a profit, and may also be applied for particular uses, as determined by the Guarantor.¹⁰</p> <p>The net proceeds from the issue of Notes will [be transferred to the ownership of the Guarantor and deposited to its account under the terms of a deposit agreement (<i>umowa kaucji</i>), establishing a deposit (<i>kaucja</i>), to be entered into by the Issuer and the Guarantor on or before the Issue Date, and will be used by the Guarantor for general corporate purposes, which include making a profit [and []]].</p>
E.3	Terms and conditions of the offer	<p>Under the Programme, the Notes may be offered to the public in a Non-exempt Offer in Germany, The Netherlands, Austria, Luxembourg, the United Kingdom and Poland.¹¹</p> <p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the applicable Final Terms. An Investor intending to acquire or acquiring any Notes in a Non-exempt Offer from an Offeror will do so, and offers and sales of such Notes to an Investor by such Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements.¹²</p> <p>[Not Applicable – the Notes are not being offered to the public as part of a Non-exempt Offer.]</p> <p>[This issue of Notes is being offered in a Non-exempt Offer in [<i>specify: Germany, The Netherlands, Austria, Luxembourg, the United Kingdom and/or Poland and each other relevant Member State in which the particular Tranche of Notes can be offered</i>].]</p> <p>The issue price of the Notes is [] per cent. of their nominal amount.</p>

¹⁰ Delete this paragraph when preparing an issue specific summary.

¹¹ Delete this paragraph when preparing an issue specific summary.

¹² Delete this paragraph when preparing an issue specific summary.

Element	Title	
		[Summarise any public offer, copying the language from paragraphs [8(viii)] and [9] of Part B of the Final Terms.]
E.4	Interest of natural and legal persons involved in the issue/offer	<p>The relevant Dealers may be paid fees in relation to any issue of Notes under the Programme. Any such Dealer and its affiliates may also 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 the Guarantor and their affiliates in the ordinary course of business.¹³</p> <p>The [Dealers/Managers/Financial Intermediaries] will be paid aggregate commissions equal to [] per cent. of the nominal amount of the Notes. Any [Dealer/Manager] and its affiliates may also 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 the Guarantor] and [its/their respective] affiliates in the ordinary course of business.</p> <p>[Other than as mentioned above,[and save for [],] so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests.]</p>
E.7	Expenses charged to the investor by the Issuer	[Not Applicable – No expenses will be charged to investors by the Issuer.]

¹³ Delete this paragraph when preparing an issue specific summary.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer and/or the Guarantor 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 and the Guarantor 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 and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and/or the Guarantor's control. The Issuer and the Guarantor have identified in this Base Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes. In addition, the Guarantor has described certain general risks applicable to an investment in Poland and to the Polish banking industry which are associated with an investment in the Notes. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings as given to them in this section.

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

Risks relating to the business and industry of the Issuer and Guarantor

The Group is exposed to various risks resulting from the granting, financing and securing of loans denominated in foreign currencies and, in particular, in CHF

The Group has a significant exposure to foreign currency-denominated loans (predominantly retail mortgage loans denominated in CHF). As at 31 December 2014, PLN 18.9 billion of the Group's loans and advances to customers were denominated in CHF (compared to PLN 19.4 billion as at 31 December 2013). The Group's CHF denominated loans constituted 25.4 per cent. of the Group's total loans and advances as at 31 December 2014 (28.4 per cent. as at 31 December 2013).

The vast majority of the Group's retail customers who have mortgage loans in CHF earn their income in PLN.

Any depreciation of the PLN against a foreign currency in which the loan is denominated, which is not sufficiently compensated by a decrease in the relevant reference rate, will result in an increase of the PLN value of repayments of principal and payments of interest by the Bank's customers (although this may be mitigated where there is a compensating decrease in the relevant reference rate, such as CHF LIBOR rate) and in an increase of credit risk related to borrowers with loans in foreign currencies.

On 15 January 2015, the Swiss National Bank announced that it was discontinuing its policy of maintaining a minimum exchange rate of CHF 1.20 per 1.00 euro (the **SNB Announcement**). As a result, the PLN experienced significant depreciation against the CHF.

A significant and prolonged depreciation of the PLN (in particular, against the CHF), which is not sufficiently compensated by a lower reference rate, may increase the number of customers experiencing difficulties in servicing their loans. As a result, it may lead to an increase of the Bank's impairment allowances for mortgage loans denominated in CHF and adversely affect the financial condition and results of operations of the Group.

In addition, as the Group has a substantial portfolio of CHF mortgage loans, depreciation of PLN against CHF will cause an increase in risk weighted assets and consequently a decrease in the total capital ratio and Common Equity Tier 1 capital ratio of the Group reported as at 31 December 2014. The Group estimates that at a CHF/PLN rate of 4.20, the Group's consolidated Common Equity Tier 1 ratio and total capital ratio would fall by approximately 0.4 percentage points (*see: note no 50 in mBank Group S.A. IFRS Consolidated Financial Statements 2014*).

The Group is also exposed to refinancing risks as a result of mismatches between the maturity of the Group's CHF liabilities and its assets. The Bank's CHF-denominated mortgage loans to retail customers are funded by CHF-denominated loans either from Commerzbank or wholesale funding obtained from international, fixed income markets and, to a lesser extent, by foreign currency deposits. The Group has limited reliance on FX swaps for the funding of its CHF assets.

The Bank's CHF assets are funded by mid- to long-term CHF liabilities and longer-term CHF cross currency swaps. As of 31 December 2014, 77.5 per cent. of the Bank's CHF retail loan portfolio was funded through long term CHF liabilities (loans, subordinated loans and debt securities issued under the EMTN programme). However, the maturity of the Group's CHF funding is shorter than the contractual maturity of the underlying CHF loans and, as a result, the Bank is exposed to refinancing risks, which are aggravated during periods of increased capital and foreign exchange market volatility.

The depreciation of the PLN may also cause the value of the collateral securing the Bank's mortgage loans to fall below the outstanding value of these loans, which may in turn increase the loss given default ratio applicable to the Bank's foreign currency portfolio.

The occurrence of any of the factors mentioned above may have a material adverse effect on the business, financial condition, results of operations of the Group.

The Group is exposed to regulatory and political risks related to its CHF denominated loans

On 15 January 2015, the Swiss National Bank made the SNB Announcement and, as a result, the PLN depreciated significantly within a very short timeframe against the CHF. The Polish government, which faces a general election in 2015, is currently seeking ways to ease the repayment burden for approximately 563,000 households in Poland which hold CHF denominated loans and which, as a result of the significant change in the PLN/CHF exchange rate, have become more expensive to service.

As a result, the Bank is exposed to a regulatory and political risk as the Polish government and the **KNF** may adopt proposals which have an adverse impact on the Group's business, financial condition and results of operations.

At the beginning of February 2015, the Chairman of the KNF presented a preliminary proposal which sought to reduce the impact on Polish borrowers of the depreciation of PLN against CHF which was triggered by the SNB Announcement. The proposal envisaged that CHF mortgage loans would be converted into PLN denominated loans at the current PLN/CHF exchange rate and split into two PLN loans. The first part would be calculated as the theoretical value of the loan as if it had been originally granted in PLN at the market interest rate from the date of a loan origination and would be secured on the underlying property. The second part would be equal to the difference between the current value of the CHF loan presented in PLN at the current exchange rate and the value of PLN mortgage. The second loan would be unsecured and would carry a fixed interest rate of 1 per cent. per annum. The proposal further envisages that fifty per cent. of the second loan would be gradually written off by banks over the life of the loan. In addition, the borrowers would have to repay to the banks the difference in the amount of paid instalments between the loan in PLN and CHF. According to the KNF, the proposed solution would reduce banking sector earnings by PLN 25 billion over the next 20-25 years.

If such a proposal is adopted, it might require banks to reflect write-offs of the unsecured portion of the converted loan immediately in the financial statements of banks. As a result, if this proposal is adopted in its current form, it would negatively affect the capital position of Polish banks including the Guarantor and potentially force banks to seek additional equity capital. It may also trigger downgrades of banks' ratings. In addition, converting CHF denominated loans into local currency would lead to an open short FX position for banks, which would need to be hedged or converted producing additional significant re-financing costs for banks, including the Guarantor.

The proposal is in a preliminary form. There can be no assurance that the current KNF proposal will be adopted in its current form or at all, or that a different proposal will not be adopted with adverse consequences for the Polish banking sector and the Guarantor. If a proposal is adopted which seeks to reduce the impact of the SNB Announcement on borrowers by sharing any losses with banks in Poland which extended CHF denominated loans, then this is likely to have an adverse effect on the business, financial condition and results of operations of the Group.

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

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

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

The quality of the Group's loan portfolios can also be influenced by counterparty risk arising from the potential inability of the Group's counterparties, including corporate customers, banks and other financial institutions, to fulfil their obligations under transactions and financial instruments entered into with the Bank due to a number of factors, including, in particular, bankruptcies, lack of market or individual customer liquidity, economic downturns, adverse financial and market movements (e.g. in interest rates or foreign currency exchange rates, commodity prices, the implied volatility of foreign exchange options), operational failures and increased economic and political uncertainty. If the level of the counterparty risk increases, it would adversely impact the creditworthiness and financial standing of the counterparties, and as a result, could trigger additional adverse consequences in the financial contracts of the Group's customers, which could worsen their financial exposure and make it more difficult for them to fulfil their obligations to the Bank. See "*The Group has significant exposure to counterparty credit risk in connection with its banking operations*" in this section.

The Group's proprietary investment and trading book portfolio consists of stocks, shares, debt securities and derivatives. The quality of the Group's proprietary investment portfolio is affected by macroeconomic and other factors, including the general business environment, the financial standing of companies in which the Group invests and the stock market. The quality of the trading book depends significantly on developments in financial markets and on the creditworthiness and financial standing of counterparties of the transactions in this portfolio. See "*The value of the Group's trading book portfolios may be adversely affected by adverse movements in market parameters*" in this section.

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

Realisation of these risks described above could have an adverse effect on the Group's business, financial condition and results of operations.

The Group faces risk associated with KUKE insurance

The Bank provides some of its corporate clients with products and services relating to export trade. In some of the markets in respect of which the risk is difficult to fully estimate, in order to address economic and political risk, the Group uses insurance coverage provided by the Polish Export Credit Insurance Corporation (**KUKE**). KUKE is the only insurance company in Poland authorised to provide export insurance guaranteed by the State Treasury of Poland. Its offer also covers long-term export projects financed by credit loans granted for periods exceeding two years. Loans insured by KUKE bear higher political and geographical risk and in principle are granted for longer periods of time.

There are no precedents on the Polish market relating to claiming a substantial amount under KUKE insurance. In addition, Polish banks, including the Bank, lack experience in such process, and KUKE insurance documentation is complex and its enforceability with respect to substantial claims has not been tested by the Group. Consequently, there is a risk that, in the case of any default under the KUKE-insured loans in the Bank's portfolio and the Bank subsequently claims a substantial amount under the insurance provided by KUKE, taking into account the complex documentation requirements, the Group may face difficulties in recovering substantial insured amounts from KUKE, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

Material increases in the Group's impairment losses on loans and advances 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 impaired assets and records impairment losses in the profit and loss account of the Group. The total value of the Group's impairment losses is based on the history of losses experienced by the Group, the volume and type of borrowing activity, standards applied in the banking industry, information on defaults in loan payments, the economic situation and other factors connected with the repayment of various loans. It also depends on the risk model applied by the Group, which may prove to be incorrect and result in an incorrect assessment by the Group of the risk associated with its loan portfolios.

Although the Management Board uses its best efforts to establish an appropriate amount of impairment losses on loans and advances, that determination is subject to the evaluation of credit risk and may be affected by numerous factors, including depreciation of PLN against CHF (including as a result of the SNB Announcement) and uncertainties relating to the current macroeconomic environment. The Group could be required to increase its impairment losses on loans and advances in the future as a result of increases in non-performing assets or for other reasons. Any material increase in the impairment losses on loans and advances, any loan losses in excess of the previously determined impairment losses on loans and advances with respect thereto or changes in the estimate of the provision for incurred but not yet identified losses on loans and advances could have an adverse effect on the Group's business, financial condition and results of operations.

The value of the Group's debt securities portfolio may be adversely affected by the prices of Polish treasury securities

As at 31 December 2014, 96.9 per cent. of the Group's debt securities portfolio (investment and trading securities) was composed of debt securities issued by the Polish State Treasury or bills issued by the National Bank of Poland (the **NBP**). 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 an increased offer of securities by investors disposing of them, (ii) increases in domestic interest rates, or (iii) a decrease in the credit ratings for Poland's sovereign debt, (iv) increased political risk and a negative perception of Poland by investors. Any decrease in

the price of such securities could adversely affect the Group's business, financial condition and results of operations.

The value of the Group's trading book portfolios may be adversely affected by adverse movements in market parameters

The Group's trading book portfolio is composed of 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 the 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 business, financial condition and results of operations of the Group.

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

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

The Group has substantial assets, associated with foreign exchange derivatives, which include foreign exchange swaps, forwards and options conducted with other banking and non-banking clients. These foreign exchange derivatives require the customer to provide collateral if the instrument reaches a prescribed loss level. Due to the significant changes of the PLN exchange rate against certain foreign currencies many customers who purchased foreign exchange derivatives have been unable to provide the required collateral.

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 Council of the European Union has adopted a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive or the taking of any action under it could materially affect the value of any Notes.

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD provides that it will be applied by Member States from 1 January 2015, except for the general bail-in tool (see below) which is to be applied from 1 January 2016.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims (including Notes) to equity (including Notes) (the **general bail-in tool**), which equity could also be subject to any future write-down.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments such as Subordinated Notes at the point of non-viability and before any other resolution action is taken (non-viability loss absorption). Any shares issued to holders of Subordinated Notes upon any such conversion into equity may also be subject to any application of the general bail-in tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments (such as Subordinated Notes) are written-down or converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution would no longer be viable.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Once the BRRD is implemented, holders of Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool and, in the case of Subordinated Notes, non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Guarantor to satisfy its obligations under the Guarantee.

Any reduction in the Group's credit rating could increase its cost of funding and adversely affect its interest margins

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. A reduction in the Group companies' credit and financial strength ratings could increase the costs associated with its interbank and capital market transactions and could adversely affect the Group's liquidity and competitive position, undermine confidence in the Group, increase its borrowing costs and adversely affect its interest margins.

To the extent that the BRRD negatively affects the ratings of major European lenders, including the Bank's parent company, Commerzbank, it is likely that this will result in a reduction of the credit ratings of mBank which benefits from the support of Commerzbank.

A reduction in the Group's credit rating could increase the financing costs associated with transactions on the interbank market and could adversely affect the Group's business, financial condition and results of operations.

Historical results of the Group's loans and advances portfolio may not be indicative of expected future results

The Group's loan portfolio increased significantly between 2005 and 2011 primarily as a result of an increase in the volume of mortgage loans advanced by the Bank. As a result, a significant portion of the loans in the portfolio still has not reached the anticipated years during which default is most likely and the Group's default rate may increase as these loans season.

In addition, as a result of the SNB Announcement and the subsequent depreciation of the PLN against CHF, the outstanding principal balance of retail mortgage loans denominated in CHF calculated in PLN may exceed the value of collaterals securing such loans and, as a result, the loss given default ratio (the **LGD**, being the percentage of exposure lost in case of default) applicable to the Group's foreign currency portfolio may increase.

If the default rate of the Group's loans and advances significantly exceeds the default rate that was assumed in setting interest rates for these loans, then the Group's business, financial condition and results of operations could be adversely affected.

The Group may not be able to improve or sustain its current interest rate margins

Various factors could make the Group unable to maintain its current interest rate margins, including increasing market competition for deposits interests, changing demand for fixed rate and floating rate loans, changes in the monetary policy of the NBP, increased inflation and changes in both domestic and international interest rates.

The Group could suffer decreasing interest rate margins for various reasons, including: (i) if market interest rates on floating rate loans decline and the Group is unable to offset such effect by decreasing the rates payable on deposits; (ii) if interest rates payable on deposits increase resulting from additional competition among banks or other factors beyond the Group's control; or (iii) if increased competition on the market and economic recovery push the credit spreads down. Any such changes in interest rates may result in lower net interest income, and therefore adversely affect the business, financial condition and results of operations of the Group.

A high proportion of long-term mortgages in the Group's loan portfolio makes it difficult for the Group to adjust its loan margins to market terms whilst any deterioration of residential real estate prices and decrease in value of collateral provided to the Bank may negatively affect the Group's business, financial condition and/or the results of its operations

In accordance with Polish law, the Bank or any member of the Group is not able to unilaterally change the terms of granted loans and advances, including credit margins. As at 31 December 2014, gross housing and

mortgage loans to individuals (retail mortgage loans) constituted a material part (73.4 per cent.) of the Group's total gross loans and advances to individuals. As a result, the Group is limited in its ability to change its average credit portfolio margins through the generation of new mortgage loans and advances reflecting current credit margins on the market compared to other financial institutions operating on the Polish market, which have credit portfolios with a larger proportion of short-term loans. This limited ability to re-price its loan portfolio may adversely affect the business, financial condition and results of operations of the Group. When granting mortgage loans and calculating the applicable interest rates, the Group assumes a certain level of prices of residential real property securing such loans. If sale prices of residential real property in Poland substantially decline for any reason, the value of the Group's security might be adversely affected and in cases of foreclosure, the Group may not be able to recover the entire amount of the loan if the borrowers are unable to repay them. In addition, investments in real estate are characterised by low liquidity as compared to other types of investments and such liquidity may further deteriorate in periods of economic downturn. The Group cannot guarantee that if the residential real estate market in Poland deteriorates significantly, the ability to enforce its security in a timely and effective manner would not deteriorate significantly.

As a result of the SNB Announcement and the subsequent depreciation of the PLN against CHF, the outstanding principal balance of retail mortgage loans denominated in CHF calculated in PLN may exceed the value of collaterals securing such loans and, as a result, the LGD applicable to the Group's foreign currency portfolio may increase.

This could have an adverse effect on the Group's business, financial condition and the results of its operation.

The Group is exposed to risks resulting from providing non-mortgage loans

The Group has increased its market share of non-mortgage loans in the retail credit portfolio. In recent years the Group offered consumer credit products mostly to existing, low-risk customers. If, as a result of its increased market share in non-mortgage retail loans, the Group has increased its exposure to customers with a higher credit risk, then this could have an adverse effect on the business, financial condition results of operations of the Group.

Additionally, the maximum interest rates which may be charged by a bank under a loan agreement are equal to four times the NBP Lombard credit rate. Thus, any cuts of Lombard rate are reflected in interest rates of non-mortgage loans of mBank's customers, which adversely affects the Group's interest income generated on non-mortgage lending.

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

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

The occurrence of any of the factors mentioned above may have a material adverse effect on the business, financial condition, results of operations of the Group.

The Group is exposed to operational risk related to its business activities

The Group is subject to the risk of incurring losses or unforeseen costs relating to inadequate or failed internal processes, human errors, system failures, errors relating to the outsourcing of the performance of certain services to external service providers, or external events. Typical categories of operational loss

include: errors made during the execution of operations, record-keeping errors, business disruptions (caused by, for example, software or hardware failures and communication breakdowns), fraud (including related to credit cards), legal claims over transactions or operations and damage to assets. In addition, because some of the Group's business transactions are conducted via internet platforms, the Group is exposed to third-party attacks on its IT systems (see "*The Group's IT systems may fail or their security may be compromised*") which could result in financial or reputational loss. The Group utilises a number of IT systems to conduct its operations. Due to the high complexity of interactions and interdependencies among the Group's IT systems, there can be no assurance that these systems will always properly interact with one another or will always effectively ensure the error-free and timely transfer of data within the IT structure of the Bank and the Group. Additionally, the Group has to comply with the amendment of Recommendation D issued by the KNF, which entered into force on 31 December 2014. The aim of the amended recommendation is to improve the quality of management in the areas of IT and ICT security at banks, in connection with improvement of the supervision in these areas. The changes are mainly related to data processing, quality of data, rules of cooperation between business and technical areas, management information system and the so-called cloud processing.

The Group also outsources performance of specific activities on its behalf, including IT services as well as document consignment services, to third parties. Additionally, the Bank outsources to external service providers the performance of certain services related to the sale of retail banking products offered by the Bank. If any of the third parties on which the bank relies fails to duly perform in accordance with the terms of their agreements with the Bank, then this could result in operational deficiencies or reputational risk for the Group. Furthermore, the Group may be exposed to the risk of liability to its customers and reputation 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 occurrence of the factors described above could have a material adverse effect on the business, financial condition and results of operations of the Group.

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

The Bank generates fee and commission income primarily from the placement of current account products, insurance products, card products and electronic online banking products with retail customers and the placement of new loan products, new leasing and debt origination, business accounts, cash management, financial markets instruments, brokerage services and trade finance products with corporate banking customers. A slowdown in business activity in the markets in which the Group is present as a result of the current or future economic environment could decrease the demand for these products, which could have a material adverse effect on its fee and commission income and, therefore, the business, financial condition, and results of operations.

The introduction of new products and services by the Group and the commencement or continuation of business activities in new markets may involve increased risk

The Group concentrates its business activities in retail banking, corporate banking and investment banking. As part of its development strategy, the Group has undertaken steps to diversify its business by providing a wider range of new products and services to its retail, corporate and investment banking customers in the expectation of generating new revenues, raising brand awareness and attracting new customers. However, there can be no assurance that the historical performance of the Group's products and services will be

indicative of the future performance of these new products and services. In addition, these new products may involve increased credit risk.

Any failure of these new products and services to generate additional revenues for the Group, raise brand awareness of the Group's products and services or attract new customers or the increased credit risk associated with new products or services, may adversely affect the business, financial condition and results of operations of the Group.

The Group may also decide in the future to commence operations on new markets, which may expose it to risks relating to conducting foreign operations, including economic, political and regulatory risks.

The Group may fail in implementing its strategy

The Group's strategy is focused on building a more integrated, efficient and client-centric organisation. The Group's strategic goals are to continue the development and implementation of the "One Bank Strategy" as the an innovative and high quality banking franchise in Poland, selectively exploit attractive opportunities to grow the business in retail and corporate segments, continue active balance sheet management and focus on continuous improvement in the overall profitability of the Group and the generation of attractive returns for shareholders.

The Group may fail to implement its strategy in the coming years in particular due to difficult market conditions and legal and regulatory impediments which, coupled with strong competition from other universal banks and other factors, could lead to the Group losing its position as one of the leading universal banking groups in Poland and the leading institution in terms of internet and mobile banking channels.

The occurrence of any of the factors referred to above may have a material adverse effect on the business, financial condition and results of operations of the Group.

The Group faces increasing competition in Poland's banking industry

Since Poland's accession to the EU, at which time restrictions on foreign financial institutions conducting certain type of business activities were lifted, the Polish banking sector has been marked by low barriers to entry and increasing competition, which resulted in a number of acquisitions and market entries by non-Polish financial institutions. The Group primarily faces competition in its universal banking activities, where its competitors include large Polish and international banks operating in Poland's retail, corporate and investment banking markets. In particular, taking into account the large investments made by other banks in new technologies, the Group faces increasing competition in internet and mobile banking, in respect of which the Bank has historically held a leading position.

Increasing 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 particular, increased competition for deposits may lead to a higher loans-to-deposit ratio and an increase of the Group's cost of funding. In addition, increased competition could lead to a consolidation in the Polish banking sector as smaller banks merge to become more competitive against larger domestic and international competitors in the Polish market. 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 faces liquidity risk

Liquidity risk is the risk that the Bank may be unable to meet current and future (including contingent) payment obligations as they become due.

The Group becomes exposed to liquidity risk when the maturities of its assets and liabilities do not coincide. In particular, the Group may be exposed to increased liquidity risk as a result of its holdings of real estate mortgage loans, which are long-term assets. Although generally holdings of real estate mortgage loans are covered by long and mid-term funding, they are partially financed by short-term and on-demand deposits. Maturity mismatches between the Group's assets and liabilities may have a material adverse effect on the Group's business, financial condition, and results of operations if the Group is unable to obtain new deposits or find alternative sources of funding for existing and future loan and advances portfolios.

In terms of current and short-term liquidity risk, if a substantial portion of the Bank's clients withdraw their demand deposits or do not roll over their term deposits upon maturity, as would be the case with many other banks, the Bank's liquidity position may be adversely affected. Current liquidity may also be affected by unfavourable financial market conditions. If assets held by the Bank in order to provide liquidity become illiquid due to unforeseen financial market events or their value drops substantially, in such circumstances, the Bank might not be able to meet its obligations as they come due and therefore might be forced to resort to interbank funding, which, in the event of an unstable market situation, may become excessively expensive and uncertain. In addition, the Bank's ability to use such external funding sources is directly connected with the level of credit lines available to the Bank, and this in turn is dependent on the Bank's financial and credit condition, as well as general market liquidity.

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

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. In Poland, there is strong competition for qualified personnel specialised in banking and finance, especially at middle and upper management levels. Some competitors on the Polish market have taken an aggressive approach in the recruitment of qualified and talented personnel currently employed by their competition and are offering significant increases in remuneration. Competition of this kind may increase the Group's personnel-related costs and make it difficult to recruit and offer incentives to qualified personnel. In addition, the Group's senior management or key employees of the Group's companies may resign or file a termination notice at any time, which could harm the relationships the Group's companies have developed with its customers. The Group's companies may not be able to retain such employees, and if they do resign, the Group's companies may not be able to replace them with persons of the same ability and experience. This could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

The Group's IT systems may fail or their security may be compromised

The Group relies heavily on numerous IT systems for a variety of functions, including processing applications, providing information to customers, maintaining financial records and providing crucial financial and market data to the Management Board. The Group's activities involve the use and constant development of several IT platforms dedicated to the various segments of the Group. In particular, the business model of the Bank's retail segment, which involves offering banking services through an online transactional system and mobile applications, is significantly dependent on the availability, functionality and security of the Group's IT systems and, as a result of its high reliance on online platforms, it is also particularly exposed to third-party attacks via the internet, e.g. cyber-attacks. Malfunctions, in particular with respect to the use of and interactions between the Group's IT platforms, information leakages, service interruptions or similar events may affect the relationship between the Group and its customers.

Despite the implementation of security and redundancy measures, including back-up systems, the integrated IT system and other IT systems used in the Group may be vulnerable to physical or electronic intrusions,

computer viruses or other attacks in light of the growing importance of the electronic access channels. Moreover, programming errors and similar disruptions could impact the Group's ability to serve the needs of its customers on a timely basis, interrupt the Group's operations, damage the Group's reputation or require it to incur significant technical, legal and other expenses. In addition, the integrated IT system or upgraded information technology systems may fail to meet the needs of the Group's growing and changing business. These risks may have an adverse effect on the business, financial condition and results of operations of the Group.

Risks relating to macroeconomic and regulatory conditions

The effects of the global financial and sovereign crisis had, and any further deterioration of the global economy may have, a material adverse effect on the Group's business, financial condition, results of operations and/or prospects

The performance of the Group is generally influenced by the condition of the global economy and, in particular, the crisis in the international financial markets and the decline of macroeconomic conditions in Europe, including Poland and Poland's principal trading partners such as Germany and other EU countries. The financial crisis experienced since 2007 slowed down the general economy in many countries, and in certain countries is continuing. The resulting slowdown in economic growth, the erosion of trust in financial institutions, restricted access to the interbank market and other forms of financing, increased unemployment rates and declines in stock market valuations caused disruptions in financial markets worldwide and impacted liquidity and funding in the international banking system.

In the second half of 2010, the crisis also severely impacted the financial conditions of various sovereign nations, especially in the Eurozone, causing further pressure on the European Financial Sector as a result of emerging sovereign credit risk. As a result, countries like Portugal and Ireland sought the support of the European Stability Mechanism and led to a restructuring of Greece's sovereign debt and the re-capitalisation of the Spanish banking sector. Due to strong intervention by the ECB, the pressure on the fixed income market and the funding situation of European countries who were most impacted has improved considerably. However, any further deterioration of the global economy or a re-emergence of the European sovereign crisis would have a negative effect on macroeconomic conditions in Europe. It could lead to a renewed slowdown in economic growth, an increase in funding costs, a more pronounced increase in unemployment and other negative macroeconomic developments and would also create an unfavourable environment for the global, European and Polish banking sectors.

While access to capital and credit markets improved markedly in 2013 and 2014, including a reduction in credit spreads and an increase in issuance activity by corporations and financial institutions, there is a risk that these conditions may deteriorate if the global economy or emerging markets weaken. Impaired access to capital and credit markets combined with increased credit spreads may raise the Bank's financing costs and reduce its financial flexibility.

These developments 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.

The economic conditions in Central and Eastern Europe and the devaluation of the currencies in these countries could have an adverse effect on the Group's business, financial condition and results of operations

There is a perception amongst certain investors that the economic or financial conditions of Central and Eastern European countries influence the economic or financial conditions of Poland, and that financial assets of Central and Eastern European countries may be treated as the same "asset class" by foreign investors. As a result, investors may reduce their investments in Polish financial assets due to deteriorating economic or financial conditions in other countries of Central and Eastern Europe. Specifically, the

devaluation or depreciation of any of the currencies in Central and Eastern Europe could impair the strength of the PLN. A depreciation of the PLN against foreign currencies may make it more difficult for the Bank's customers to repay their foreign currency loans, which would have a negative impact on the Group's business, financial condition and results of operations. In addition, depreciation of the PLN against foreign currencies would affect the value of the foreign exchange derivatives held by many of the Group's customers. As a result, these customers could become unable to repay amounts due under these foreign exchange derivatives, which could also have a material adverse effect on the Group's business, financial condition and results of operations. The financial problems faced by the Group's customers could also adversely affect the Group's business, financial condition and results of operations. Market turmoil and economic deterioration could adversely affect the respective liquidity, businesses and/or financial conditions of the Group's borrowers, which could in turn further increase the Group's non-performing loan ratios, impair its loan and other financial assets and result in decreased demand for the Group's products. In an environment of significant market turmoil, economic deterioration and increasing unemployment, coupled with declining consumer spending, the value of assets collateralising the Group's secured loans, including real estate, could also decline significantly.

The occurrence of any of these developments could 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 overwhelming 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.

After the economic recovery in Poland in 2010 and 2011, the Polish economy slowed markedly in 2012. Weaknesses in euro area growth spread to Poland's main trading partners, with a negative impact on Polish consumers and business confidence. As a result, international demand was subdued and private investment and consumption weakened. The labour market deteriorated and credit growth trends reduced. Since the second half of 2013, the Polish economy has begun to improve, but in 2014 the economy was hit by a number of negative shocks, including mainly a sharp decline of demand for Polish products among Poland's eastern trade partners, as well as an economic slow-down in the Eurozone. The decline in demand from Poland's eastern trading partners has become more pronounced, largely due to the dynamic depreciation of the Russian rouble, the measures taken by the Bank of Russia to defend the currency, as well as similar developments in other ex-USSR countries. As a result, the volume of exports to those markets is likely to fall even further. At the same time, demand on the part of Western trade partners has stabilised and is growing at a moderate rate.

While the mid-term outlook of Poland remains positive, the balance of risks (especially external risks) calls for caution in growth projections. A further acceleration of the political crisis in Ukraine, especially if additional sanctions are imposed on Russia by the EU and the USA, could directly impact the external trade relationship of Poland with Russia and Ukraine. It could also lead to pressure on the supply of oil and gas to Poland and, due to a downturn in the economic development of various additional European countries, lead to further economic pressure on Poland, including lower exports, a reduced level of consumption and investments. This could in turn have a material adverse effect on the Group's business.

Fluctuations in financial markets may adversely affect the financial conditions of the Group's customers, which could, in turn, impair the quality and volume of the Group's loans and advances portfolio and other financial assets and result in decreased demand for the Group's products. The Group's business, as well as the successful implementation of its strategy, is highly dependent on the financial situation of its customers and their ability to repay existing obligations, make deposits and acquire new financial products offered by the Group. The financial situation of Polish households, including the Group's customers, is highly correlated

with the unemployment rate. An increase in the unemployment rate in Poland could cause an increase in the Group's impairment losses or hinder growth of the Group's loans and advances portfolio.

In addition, in an environment of significant market turmoil, economic deterioration or increasing unemployment, coupled with declining consumer spending, the value of assets collateralising the Group's secured loans, including, to a lesser extent, real estate in its mortgage loans and advances segment, could decline.

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

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

The Bank and the Group are required to maintain a minimum capital adequacy as stipulated by the Capital Requirements Regulation (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) (**CRR**). The final level of capital ratio requirements should be phased in by 2018 and some capital buffers will be subject to national discretion. In addition, the KNF has imposed a requirement on banks to keep their capital adequacy ratio at a minimum level of 12 per cent. and their Tier 1 ratio at the level of at least 9 per cent. As at 31 December 2014, the consolidated total capital ratio of the Group was 14.66 per cent. (Common Equity Tier 1 capital ratio stood at 12.24 per cent.) and the standalone total capital ratio of the Bank was 16.95 per cent (Common Equity Tier 1 capital ratio stood at 14.06 per cent.). Certain developments could affect the Group's ability to continue to satisfy the current capital adequacy requirements, including:

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

The Group may also be required to raise additional capital in the future in order to maintain its capital adequacy ratios in line with potential future regulatory requirements. The Group's ability to raise additional capital may be limited by numerous factors, including:

- the Group's future financial condition, results of operations and cash flows;
- any necessary government regulatory approvals;
- the financial condition of the Bank's majority shareholder;
- the Bank's credit rating;

- general market conditions for capital-raising activities by commercial banks and other financial institutions; and
- domestic and international economic, political and other conditions.

According to the Bank's calculations of its capital ratios at the end of 2014 under the Basel Committee on Banking Supervision Global Standards for Capital and Liquidity Reform (Basel III), the Bank significantly surpasses applicable regulatory requirements. However, the capital adequacy ratios will be impacted by risk-weighted assets growth and the development of risk parameters and there is no assurance that the Bank will be able to comply with prudential regulations concerning capital adequacy.

The implementation of Basel III in the European Union is being performed through the Capital Requirements Directive IV (the European 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) and the Capital Requirements Regulation (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) (CRD IV). CRD IV was published in the Official Journal on 27 June 2013 and came into effect on 1 January 2014. CRD IV substantially reflects the Basel III capital and liquidity standards and facilitates the applicable implementation timeframes. However, certain issues continue to remain under discussion and certain details remain to be clarified in further binding technical standards to be issued by the European Banking Authority. Furthermore, draft legislation implementing CRD IV was prepared, but it is still under consultation process. It is therefore not clear how certain issues covered by CRD IV will be addressed in Poland.

Failure to maintain the minimum capital adequacy and other capital adequacy ratios or to otherwise maintain sufficient levels of capital may have an adverse effect on the business, financial condition and results of operations of the Group. Moreover, a breach of existing laws relating to the minimum capital adequacy and other 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.

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

Regulations governing the banking and financial services industries in Poland and internationally are likely to increase, particularly in the current market environment, where supervisors have recently moved to tighten regulations governing financial institutions. As a result of these and other on-going 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 entering into or carrying out certain types of transactions, affect the Group's strategy and limit or require modification of the rates or fees that it charges on certain loan and other products, any of which could lower the return ratio on its investments, assets and equity. The Group may also thus face increased compliance costs and limitations on its ability to pursue certain business opportunities.

On 24 June 2014, the KNF adopted the Recommendation U (the Recommendation) on good practices in bancassurance, which shall come into force no later than 31 March 2015. The Recommendation aims to eliminate conflicts of interest where a bank represents a borrower as a party to an insurance contract and charges fees from insurance companies as an intermediary. The KNF expects the Recommendation to improve the quality of relations between banks and insurers with regard to insurance products offered to clients. However, it may limit the fees and provisions charged by the Bank to customers.

As a result of new recommendations, as well as other possible changes in existing recommendations and the issuance of new recommendations affecting supervision, the Bank may become subject to more onerous and strict supervision, increased capital adequacy requirements, changes in its risk model and risk management or be required to incur additional costs, as well as be subject to restrictions on certain types of transactions.

The occurrence of any of the above-mentioned factors may affect the Group's strategy, its growth potential, its fees and commissions, and profit margins and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

The Group may fail to comply with, or be subject to changes in, certain regulatory requirements applicable to banking and other regulated business, or with the guidelines set forth by financial supervisory authorities on the markets where the Group is present

Apart from its banking operations, the Group also renders other regulated financial services and offers transactional banking products, products relating to the market for financial instruments and insurance products that are subject to the supervision of the KNF, the authority supervising financial markets, including the banking sector in Poland and other relevant authorities in the jurisdictions where it operates. The scope of supervision and regulation of these products and services is also dependent on directives and regulations issued by European regulatory authorities.

The increasing number and ambiguity of certain regulatory requirements, and their application to the Group on the markets where the Group is present, together with changes to the regulatory requirements and guidelines, has placed an increased burden on the Bank and other Group entities to amend their internal policies and procedures in order to meet the requirements of the competent supervisory authorities, and EU directives and regulations, which in some cases may have led to instances of the non-compliance of the Bank and other Group entities. In addition, the requirements and obligations stemming from different jurisdictions and the application thereof may be unclear and contradictory and in some cases may have led to instances of the non-compliance of the Bank and other Group entities.

Uncertainty with regard to the new rules and guidelines during the period in which they are implemented in the jurisdictions relevant to the Group as well as potential further changes to European or Polish banking regulations might impact the Group's ability to access capital or carry out certain business activities.

A failure to satisfy these requirements may expose the Bank or other Group entities to sanctions, fines and other penalties, which may have a material adverse effect on the business, financial condition and results of operations of the Group.

The KNF may identify issues during inspections of the Bank in the future which, if not adequately resolved by the Bank, may result in sanctions, fines or other penalties

The KNF issued a list of recommendations following a standard inspection of the Bank's operations in 2013. In the key area of asset quality and credit risk management, no recommendations were issued which affected the level of the Bank's impaired loans. In addition, the KNF recognised the positive steps taken by the Bank to mitigate long-term liquidity risk as part of the Bank's strategy for 2012-2016 "One Bank for Clients and Employees".

All corrective actions recommended by the KNF were implemented in 2014 according to the schedule accepted by the KNF. It should be noted however, that if the Group fails to remedy the irregularities found by the KNF or if the KNF continues to uncover irregularities during future reviews and inspections, which the Group fails to remedy, the Bank and Group entities may be exposed to sanctions, fines and other penalties, as prescribed by the Polish Banking Law Act of 29 August 1997 (as amended) (the **Banking Law**). This could affect the business, financial condition and results of operations of the Group.

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

The Bank has been established and operates under Polish law. The Polish legal system is based on statutory law enacted by the Parliament. A significant number of regulations relating to the issue of and trading in securities, shareholders' rights, foreign investments, issues related to corporate operation and corporate governance, commerce, taxes and business activity have been or may be changed. These regulations are subject to different interpretations and may be interpreted in an inconsistent manner. Moreover, not all court decisions are published in official journals and, as a matter of general rule, they are not binding in other cases and are thus of limited importance as legal precedent. The Bank cannot provide assurance that its interpretation of Polish laws and regulations will not be challenged and any successful challenge could result in fines or penalties or could require the Bank to modify its practices, all of which would have an adverse effect on the Group's business, financial condition and results of operations.

There is also a risk that new taxes or levies may be introduced (see "*The Bank may be required to make substantial contributions to the Bank Guarantee Fund*").

Interpretation of Polish tax law regulations may be unclear and Polish tax laws and regulations may change

The Polish tax system is subject to frequent changes. Some provisions of Polish tax law are ambiguous and often there is no unanimous or uniform interpretation of law or uniform practice by the tax authorities. Because of different interpretations of Polish tax law, the risk connected with Polish tax law may be greater than that under other tax jurisdictions in more developed markets. The Bank cannot guarantee that the Polish tax authorities will not take a different, unfavourable, interpretation of tax provisions implemented by the Bank or any Group member, which may have an adverse effect on the business, financial condition and results of operations of the Group.

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 Bank may be required to prepare and enforce a recovery programme under Polish banking law

Under the Polish banking law, if a bank incurs a loss, there is a threat of a loss or if there is any threat of insolvency on the part of a bank, the management board of that bank is required to notify the KNF by presenting a recovery programme and must ensure that this programme will be implemented.

The KNF may impose a deadline on the bank to prepare a recovery programme or instruct the bank to supplement an existing programme or prepare a new recovery programme. If a recovery programme is implemented by a bank, the profit generated by the bank is first designated to cover the losses and thereafter to increase the bank's equity. The KNF may also appoint a trustee to supervise the implementation of the recovery programme. If the KNF views that a recovery programme is not sufficient or the recovery programme is incorrectly implemented, certain additional restrictions and obligations such as the duty to convene a general meeting of the bank may be required to review the bank's financial condition and to adopt a relevant resolution, including a resolution to increase the bank's equity.

There can be no assurance that the Bank, especially in the event of a deterioration of the results of its operations, may not be required to prepare and implement such a recovery programme. Any failure of the Bank to correctly implement the recovery programme may have an adverse effect on the Group's business, financial condition and results of operations and on the Group's ability to implement its strategies as set forth in this Base Prospectus.

The Bank may be required to make substantial contributions to the Bank Guarantee Fund

Pursuant to the provisions of the Polish Act on the Bank Guarantee Fund, the Bank is a member of the mandatory guarantee system and is obliged to contribute to a fund created to guarantee deposits in the Polish banking system. If an entity that is a member of the fund is declared bankrupt, other members may be required to make additional one-off payments to cover the liabilities of such entity. The amount of the payment by each member would be proportional to its interest in the Bank Guarantee Fund (**BGF**). Due to the scale of the Group's operations, if a member of the mandatory guarantee system were to declare bankruptcy, the Bank may be obliged to make larger payments to the Bank Guarantee Fund than its smaller competitors.

The scope of the BGF was expanded in November 2013 to cover credit cooperative unions. As a result, the overall annual BGF contribution was raised from 0.137 per cent. of a bank's risk weighted assets (**RWA**) in 2014 to 0.239 per cent. of RWA in 2015. As the capital position and the financial standing of cooperative credit unions still face challenging conditions, a possible need for further support for credit cooperative unions might lead to larger payments by the Bank to the Bank Guarantee Fund going forward.

If the Bank is required to make substantial contributions to the BGF, it may have a material adverse effect on mBank Group's strategy, its growth potential and profit margins and, consequently, could have a material adverse effect on its business, financial condition, results of operations.

The Bank or any Group member may fail to comply with requirements set out in the Markets in Financial Instruments Directives (MiFID)

MiFID aims to harmonise the laws of EU Member States for trading in financial instruments and related services, in particular to improve the execution of clients' orders, implementation of procedures for managing conflicts of interest, classification of clients and assessment of the suitability and appropriateness of products and services in the light of the knowledge and experience of clients.

As a result of some ambiguities about certain MiFID provisions and differences in their interpretation, there is a risk that the Bank or any Group member has not amended its internal procedures accordingly in order to comply with MiFID.

Consequently, the Bank or a Group member may need to consult with the KNF about the interpretation of MiFID provisions. This may result in the need for making corrections to already implemented provisions.

As a result, the potential need for correcting the regulations and solutions implementing MiFID provisions may entail additional financial costs related to those corrections for the Bank or a Group member, or penalties imposed for the failure, in the KNF's opinion, to meet MiFID provisions. Although MiFID is under review by the European legislators, amendments to MiFID are not expected imminently. It must be stressed that any of those possibilities may have an adverse effect on the business, financial condition and results of operations 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 Office for Competition and Consumer Protection (*Urząd Ochrony Konkurencji i Konsumentów*, 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, it 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 EC 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 it may prohibit any such practices or apply other sanctions provided for in the community law regulations or the Polish Antimonopoly Act, which may adversely affect the business, financial condition and results of operations of the Group.

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

The 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.

Risks relating to the Group and its relationship with Commerzbank and its affiliates (the Commerzbank Group)

Commerzbank holds corporate control over the Bank

As at the date of this Base Prospectus, Commerzbank held 29,352,897 shares, representing 69.54 per cent. of the Bank's share capital which gave Commerzbank the right to exercise 69.54 per cent. of the total number of votes at any General Shareholders' Meeting.

Commerzbank is able to exercise corporate control over the Bank due to its share in the capital of the Bank and in the total number of votes at the General Meeting. In particular, Commerzbank has majority voting power at the General Meeting, and thus has a decisive voice regarding major corporate actions, such as the amendment of the Articles of Association, issuance of new shares of the Bank, decrease of the Bank's share capital, issuance of convertible bonds, payment of dividends and other actions which according to the Polish Code of Commercial Companies and Partnerships of 15 September 2000 (as amended) (**KSH**) require a qualified or simple majority vote at a General Shareholders' Meeting for approval. In addition, Commerzbank holds a sufficient number of votes to appoint a majority of the members of the Supervisory Board, which in turn appoints the members of the Management Board. As a result, Commerzbank has the ability to exercise considerable control over the Bank's operations.

If the interests of Commerzbank and the interests of the Group conflict, this could have an adverse effect on the business, financial condition and results of operations of the Group.

The Group depends significantly on Commerzbank's funding

The Group depends significantly on Commerzbank's funding. The Bank issued subordinated CHF-denominated bonds which have been acquired by Commerzbank and was granted subordinated CHF-denominated loans. In addition, the Bank has been provided with foreign currency-denominated senior unsecured funding by Commerzbank. As at 31 December 2014, the value of subordinated liabilities granted to the Bank by Commerzbank was PLN 2.9 billion. As at 31 December 2014, the total outstanding

indebtedness of the Group to the Commerzbank Group, including loans and subordinated liabilities, was the equivalent of PLN 14.1 billion.

Any sudden or material reduction in Commerzbank's funding to the Group would have a material adverse effect on the Group's business, financial condition and results of operation.

In addition, under its loan agreements with Commerzbank, the Bank may be required to repay all outstanding loans with all outstanding interest and associated costs if Commerzbank ceases, directly or indirectly, to own at least 50 per cent. plus one share of the Bank's share capital and/or total number of votes in the Bank. Any reduction in Commerzbank's holding in the Bank's share capital and/or total number of votes in the Bank resulting in an early repayment obligation would have a material adverse effect on the Group's business, financial condition and results of operations.

The Bank intends to diversify its funding base in order to reduce the volume of funding provided by Commerzbank. It will seek to achieve this by repaying maturing loans and replacing them by increasing the amount of stable deposits (partially swapping deposits with medium and long-term maturity into the required foreign currencies) and by issuing senior unsecured bonds and covered bonds via its subsidiary, mBank Hipoteczny, into the international fixed income markets. If the Bank is unable to execute this strategy, the Bank's funding costs may increase and the Bank's funding concentration and reliance on Commerzbank would continue.

For more information see the section "*Material Contracts*".

The Bank's shareholders are not required to support the Bank

The Bank is an independent entity from its principal shareholder (Commerzbank) and, as indicated above, has historically benefited from its support in different areas. Commerzbank's past efforts do not necessarily mean that it is obliged to provide support and finance to the Group in the future, in particular to subscribe for newly-issued shares in any future equity offering or ensure debt financing for the Group. If the Bank needs further equity injections or debt financing and/or a significant decrease of Commerzbank's shareholding in the Bank in the future were to occur, a lack of financial support from Commerzbank may have a negative reputational effect on the Group. A loss of control over the Bank by Commerzbank in the future may lead to negative consequences resulting from the agreements based on which the Group obtained debt financing, in particular the potential necessity to repay such debt financing earlier. Moreover, the Bank's issuer default ratings incorporate uplift driven by parental support, which would be removed if Commerzbank lost control over the Bank.

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

Potential conflicts of interest

Neither the Issuer nor the Bank is aware of any conflicts of interest at the date of this Base Prospectus which would be material for the issue and subscription of the Notes.

Nevertheless the following potential conflicts of interest could exist in connection with any issue of Notes in the context of this Programme:

- (i) the Issuer is a subsidiary of the Bank and is subject to the corporate governance rules of the Group, which aim to ensure that the direct or indirect control of the Issuer complies with applicable law. Subject to this provision, it is not excluded that potential conflicts of interest between the Issuer and its principal shareholder and indeed Commerzbank as Arranger or Dealer (since the Issuer and the Bank are part of the Commerzbank Group) could affect the Noteholders; and

- (ii) certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Group in the ordinary course of business

Dispute resolution risk

Litigation, administrative or other proceedings or actions may adversely affect the Group's business, financial condition and results of operations

Due to the nature of its business, the Bank and the Group's companies may be subject to the risk of litigation, administrative and other proceedings initiated by customers, employees, shareholders or others through private actions, administrative proceedings, regulatory actions or other litigation. As at the date of this Base Prospectus, the outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions against the Bank or the Group's companies may seek recovery in large or indeterminate amounts or other remedies that may affect the Bank's or the Group companies' ability to conduct their business, and the magnitude of the potential losses relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation against the particular Group's companies that could damage the reputation of the Group or the particular Group's companies, regardless of whether the allegations are valid or whether the Group is ultimately found liable. As a result, litigation, administrative and other proceedings may adversely affect the Group's business, financial condition and results of operations.

The Group faces risks relating to class action suits regarding the use of prohibited clauses

A class action regarding the use of prohibited clauses was brought against the Bank in December 2010 by the Municipal Ombudsman, who represented a group of retail clients of the Bank who took mortgage loans in CHF (as of 17 October 2012, the approved class consisted of 1,247 members). The claimants demanded that it be determined that the Bank improperly performed credit agreements by collecting overcharged amounts of interest in the period between 1 January 2009 and 28 February 2010. In particular, it was alleged that the Bank improperly applied provisions of the agreements concerning variable interest rates, namely that the Bank should have reduced interest rates on loans when the LIBOR index decreased. It was the first class action brought against the Group.

In July 2013, the District Court determined that the Bank improperly performed the agreements as a result of which consumers sustained a loss. The Bank's appeal against the judgment was dismissed on 30 April 2014. Although the court judgment is legally valid, the Bank lodged an annulment appeal to the Supreme Court. On 7 October 2014, the Court of Appeal in Łódź ceased the enforceability of the judgement of the District Court in Łódź until consideration of Bank's annulment appeal. On 18 February 2015, the Supreme Court received the annulment appeal filed by mBank. The date of the main court hearing has not been set. See "*Business of the Group – Legal, Administrative and Arbitration Proceedings*".

No assurance can be given that the Bank will be successful in its cassation proceedings. As a consequence of the class action, a number of other clients of the Bank in similar circumstances to those described above may file claims for compensation.

In connection with the above-mentioned class action suit, the Bank established a legal provision taking into account potential liabilities and damage payments based on a number of assumptions. Due to the fact that estimating provisions is a complex procedure, there is no assurance that all the estimated values of provisions created by the Bank for the purposes of the class action will be sufficient to cover its liabilities and damage payments or that in future the Group will not be required to create additional provisions or significantly increase the existing ones.

Taking into account the specificities of the banking industry, increasing awareness of consumers of their rights and consumer protection and the first precedents of class action regarding the protection of consumers in the Polish banking sector, no assurance can be given that the Bank will not face other class actions in the future or that the class actions will not become an inherent element of the Polish banking sector. The occurrence of any such factor may in particular result in the Group's incurring substantial expenses and/or being required to pay damages, it may also harm the Bank's reputation. Any final court judgment issued in relation to any such matters against the Group or any further development relating to class actions may have an adverse effect on the Group's business and financial results.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the programme

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

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 those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

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

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

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

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 French law in connection with any *prêts participatifs* granted to the Issuer. In the event of a bankruptcy, insolvency, liquidation, dissolution or winding up of the Issuer, and to the extent permitted by French 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 more fully described in Condition 2.3.

The Subordinated Notes might not be treated as "subordinated notes" for regulatory capital purposes in Poland

It is not certain whether the KNF will agree to recognise the issue proceeds transferred to the Guarantor by the Issuer from the issue of Subordinated Notes as the Guarantor's supplementary funds according to Art. 127(3) 2) a) of the Banking Law. Under the Banking Law the repayment of supplementary funds cannot be secured directly or indirectly by the Bank. The Subordinated Guarantee does not secure the repayment of the subordinated funds received by the Guarantor, it only secures the repayment of the Subordinated Notes issued by the Issuer. However, the KNF may adopt the view that the existence of the Subordinated Guarantee results in the issue proceeds from the issue of Subordinated Notes not meeting the criteria set out in Art. 127(3) 2) a) of the Banking Law.

Risks related to Notes generally

Set out below is a description of certain risks relating to the Notes generally:

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Issuer may, with the consent of the Issuer and Paying Agent, but, without the consent of Noteholders, (i) amend the Conditions of the Notes to correct a manifest error, cure any ambiguity or cure, correct or supplement any defective provision contained therein or (ii) amend the Conditions of the Notes in any manner which is not materially prejudicial to the interests of holders of such Notes, or (iii) substitute for itself another company as principal debtor under any Notes in place of the Issuer, as more fully described in Condition 14.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial securities such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus and/or in the Final Terms or Pricing Supplement (if applicable) but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus and the additional tax sections, if any, contained in the relevant Final Terms or Pricing Supplement (if applicable).

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes

Withholding under the EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

U.S. Foreign Account Tax Compliance Act withholding

Whilst the Notes are in global form and held within Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) (Euroclear and Clearstream, Luxembourg together, the **ICSDs**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the ICSDs (see "*Taxation – Foreign Account Compliance Act*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how

FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depositary or common safekeeper for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

The value of the Notes could be adversely affected by a change in English law, French law or administrative practice

The conditions of the Notes (except the provisions of Conditions 2.3 which will be governed by, and construed in accordance with, French law) are based on English 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, French 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.

Risk of 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.

Holder 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 nor 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 ability to resell the Notes in the secondary market.

The Notes may be de-listed, 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 de-listed. 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 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 its 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.

French insolvency law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in case of the opening in France of an accelerated financial preservation (*procédure de sauvegarde financière accélérée*) or a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer, in order to defend their common interests.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as a Euro Medium Term Notes programme) and regardless of their governing law.

The Assembly deliberates on the draft safeguard (*projet de plan de sauvegarde*), accelerated financial safeguard plan (*plan de sauvegarde financière-accelérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or

- decide to convert debt securities (including the Notes) into shares or securities that give or may give right to the share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required on convocation of the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Base Prospectus and, if applicable, the applicable Final Terms or the Pricing Supplement (in the case of Exempt Notes) will not be applicable in these circumstances.

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 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 will be exposed to movements in exchange rates adversely affecting the value of his 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 and the Guarantor will make any payments under the Guarantee 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 (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) 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 or the Guarantor 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, the Guarantor 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, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in "*Description of the Group – Ratings*" of this Base Prospectus and further details may be disclosed in the Final Terms or the Pricing Supplement (in the case of Exempt Notes).

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 (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) 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.

IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES

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

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a **Non-exempt Offer**. This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes in Germany, The Netherlands, Austria, Luxembourg, the United Kingdom and Poland as specified in the applicable Final Terms (each specified Member State a **Non-exempt Offer Jurisdiction** and together the **Non-exempt Offer Jurisdictions**). Any person making or intending to make a Non-exempt Offer of Notes on the basis of this Base Prospectus must do so only with the Issuer's consent to the use of this Base Prospectus as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive*" below and provided such person complies with the conditions attached to that consent.

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

Consent given in accordance with Article 3.2 of the Prospectus Directive

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

None of the Issuer, the Guarantor or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer or any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

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

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

Consent

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

Specific consent

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

General consent

- (b) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Notes during the relevant Offer Period stated in the applicable Final Terms by any other financial intermediary which satisfies the following conditions:
 - (i) it is authorised to make such offers under applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC); and
 - (ii) it accepts the Issuer's offer to grant consent to the use of this Base Prospectus by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information) (the **Acceptance Statement**):

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

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

- (A) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer, the Guarantor and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer:
 - I. act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the **Rules**) from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor;
 - II. comply with the restrictions set out under "Subscription and Sale" in this Base Prospectus which would apply as if it were a relevant Dealer;

- III. ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;
- IV. hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;
- V. comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
- VI. retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the relevant Dealer, the Issuer and the Guarantor or directly to the appropriate authorities with jurisdiction over the Issuer, the Guarantor and/or the relevant Dealer in order to enable the Issuer, the Guarantor and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer, the Guarantor and/or the relevant Dealer;
- VII. ensure that it does not, directly or indirectly, cause the Issuer, the Guarantor or the relevant Dealer to breach any Rule or subject the Issuer, Guarantor or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- VIII. immediately inform the Issuer, the Guarantor and the relevant Dealer if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
- IX. comply with the conditions to the consent referred to under "*Common conditions to consent*" below and any further requirements or other Authorised Offeror Terms relevant to the Non-exempt Offer as specified in the applicable Final Terms;
- X. make available to each potential Investor in the Notes this Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Base Prospectus and the applicable Final Terms;
- XI. if it conveys or publishes any communication (other than this Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Non-exempt Offer) in connection with the relevant Non-exempt Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer, the Guarantor and the relevant Dealer accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer, the Guarantor or the relevant Dealer (as applicable), use the legal or publicity

names of the Issuer, the Guarantor or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes and the Guarantor as the guarantor of the relevant Notes on the basis set out in this Base Prospectus;

- XII. ensure that no holder of Notes or potential Investor in Notes shall become an indirect or direct client of the Issuer, the Guarantor or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- XIII. co-operate with the Issuer, the Guarantor and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (VI) above) upon written request from the Issuer, the Guarantor or the relevant Dealer as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer, the Guarantor or the relevant Dealer:
- (i) in connection with any request or investigation by any regulator in relation to the Notes, the Issuer, the Guarantor or the relevant Dealer; and/or
 - (ii) in connection with any complaints received by the Issuer, the Guarantor and/or the relevant Dealer relating to the Issuer, the Guarantor and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in rules published by any regulator of competent jurisdiction from time to time; and/or
 - (iii) which the Issuer, the Guarantor or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer, the Guarantor or the relevant Dealer fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

- XIV. during the period of the initial offering of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the Notes for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer; and
- XV. either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;

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

The financial intermediaries referred to in paragraphs (a)(ii), (a)(iii) and (b) above are together the **Authorised Offerors** and each an **Authorised Offeror**.

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

Common Conditions to Consent

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

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

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

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

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

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

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

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety 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, in the case of Exempt Notes, the applicable Pricing Supplement). The Issuer, the Guarantor and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of Notes other than Exempt Notes, a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of the Prospectus Regulation.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this overview.

Issuer:	mFinance France S.A.
Guarantor:	mBank S.A.
Description:	Euro Medium Term Note Programme
Arranger:	Commerzbank Aktiengesellschaft
Dealers:	Barclays Bank PLC Commerzbank Aktiengesellschaft Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch DZ BANK AG Deutsche Zentral- Genossenschaftsbank, Frankfurt am Main Erste Group Bank AG HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International UBS Limited UniCredit Bank AG and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Base Prospectus.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the

proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (FSMA) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

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.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes will be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of the Notes:	The Notes will be issued in bearer form as described in " <i>Form of the Notes</i> ".
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

- (b) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

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.

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 Directive. The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

The Issuer and the Guarantor may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption:

The applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or, in the case of Unsubordinated Notes, following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. 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, in the case of Exempt Notes, Pricing Supplement).

Notes having a maturity of less than one year are/may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

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, see " <i>Certain Restrictions - Notes having a maturity of less than one year</i> " above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Certain Conditions of the Notes:	See Elements C.8 and B.18 of " <i>Summary of the Programme</i> " for a summary description of certain terms and conditions applicable to all Notes issued under the Programme.
Rating:	See elements B.17 and B.19 of " <i>Summary of the Programme</i> ".
Listing and admission to trading:	<p>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.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further 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.</p> <p>The applicable Final Terms (or 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.</p>
Selling restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including France, Italy and the United Kingdom) and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale</i> ".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes).

DOCUMENTS INCORPORATED BY REFERENCE

The documents set out below that are incorporated by reference in this Base Prospectus are, where indicated, direct translations into English from the original French or Polish, as the case may be, 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 audited consolidated financial statements of the Group for the year ended 31 December 2014 prepared in accordance with the International Financial Reporting Standards adopted by the European Union (**IFRS**) (the **2014 Consolidated Financial Statements**), included in the consolidated annual report of the Group for the year ended 31 December 2014, which constitute a free translation from the Polish version into the English language audited by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.:
 - (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 157);

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

2. the separate independent registered auditor's opinion on the 2014 Consolidated Financial Statements (pages 1 to 2) which constitutes a free translation from the Polish version into the English language;
3. the audited consolidated financial statements of the Group for the year ended 31 December 2013 prepared in accordance with IFRS (the **2013 Consolidated Financial Statements** and, together with the 2014 Consolidated Financial Statements, the **Consolidated Financial Statements**), included in the consolidated annual report of the Group for the year ended 31 December 2013, which constitute a free translation from the Polish version into the English language audited by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.:
 - (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 130);

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

4. the separate independent registered auditor's opinion on the 2013 Consolidated Financial Statements (pages 1 to 2) which constitutes a free translation from the Polish version into the English language;
5. standalone financial statements of the Issuer for the year ended 31 December 2014 and the auditor's report on the standalone financial statements of the Issuer for the year ended 31 December 2014 which constitutes a free translation from the original French into the English language audited by Ernst & Young et Autres:
 - (a) statutory auditor's report (pages 1 and 2);
 - (b) balance sheet (pages 3 and 4);
 - (c) income statement (pages 5);
 - (d) cash flow statement (page 11); and
 - (e) explanatory notes to the financial statements (pages 6 to 20).

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

6. standalone financial statements of the Issuer for the year ended 31 December 2013 and the auditor's report on the standalone financial statements of the Issuer for the year ended 31 December 2013 which constitutes a free translation into the English language from the original French language audited by Ernst & Young et Autres:
 - (a) statutory auditor's report (pages 2 and 3);
 - (b) balance sheet (pages 4 and 5);
 - (c) income statement (pages 6 and 7);
 - (d) cash flow statement (page 12); and
 - (e) explanatory notes to the financial statements (pages 8 to 20);

The page number referenced above relate to the electronic version of the financial statements of the Issuer for the year ended 31 December 2013. Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation.

7. the Terms and Conditions of the Notes set out on pages 81 to 108 of the Issuer's Base Prospectus dated 12 April 2012;
8. the Terms and Conditions of the Notes set out on pages 81 to 106 of the Issuer's Base Prospectus dated 8 April 2013; and
9. the Terms and Conditions of the Notes set out on pages 103 to 129 of the Issuer's Base Prospectus dated 14 March 2014.

The parts of documents which are not incorporated by reference in 7, 8 and 9 above are either deemed not relevant for the investor or covered in another part of the Base Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London and Luxembourg, The documents incorporated by reference in this Base Prospectus will also be available from the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

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**) which, in either case, will:

- (a) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (b) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate Euroclear and Clearstream, Luxembourg will be notified as to 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 the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

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 such 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 either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event or (c) at any time at the request of the Issuer. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) 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 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the common depositary (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 which have an original maturity of more than one year and on all interest coupons relating to such 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 under "*Terms and Conditions of the Notes*"), 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 9. 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 Terms and Conditions of such Notes 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, Clearstream, Luxembourg on and subject to the terms of a deed of covenant and guarantee (the **Deed of Covenant**) dated on or about 24 March 2015 and executed by the Issuer and the Guarantor.

APPLICABLE FINAL TERMS

NOTES WITH A DENOMINATION OF LESS THAN €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY), OTHER THAN EXEMPT NOTES

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of less than €100,000 (or its equivalent in any other currency) issued under the Programme.

[Date]

mFinance France S.A.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by mBank S.A.

under the €3,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated 24 March 2015 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date. N.B when using a post – 1 July 2012 approved Base Prospectus to tap a previous issue under a pre – 1 July 2012 approved Base Prospectus, the final terms in the post – 1 July 2012 Base Prospectus will take a different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.)

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [12 April 2012]/[8 April 2013]/[14 March 2014] which are incorporated by reference in the Base Prospectus dated 24 March 2015. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 24 March 2015 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (*in which case the subparagraphs of the paragraphs which are not applicable can be deleted*). Italics denote directions for completing the Final Terms.)

(*When adding any information 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 16 of the Prospectus Directive.*)

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]*]

(If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency)

8. Interest Basis: [[] per cent. Fixed Rate]
[[[] month [LIBOR/EURIBOR/WIBOR/PRIBOR]]
+/- [] per cent.
Floating Rate]
[Zero Coupon]
(see paragraph [13]/[14]/[15] below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on the Maturity Date
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) *[date]* paragraph [13]/[14] applies and for the period from (and including) *[date]* to (but excluding) the Maturity Date, paragraph [13]/[14] applies][Not Applicable]
11. Put/Call Options: [Investor Put]
[Issuer Call]
[(see paragraph [17]/[18] below)]
[Not Applicable]
12. (a) Status of the Notes: [Unsubordinated/Subordinated]
(b) Status of the Guarantee: [Unsubordinated/Subordinated]
(c) [Date of [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and []], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes or related Guarantee)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date]
(If payable other than annually, consider amending Condition 4)
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)

- (d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year] [Not Applicable]

(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

14. Floating Rate Note Provisions [Applicable/Not Applicable][, 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]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Specified Period(s)/Specified Interest Payment Dates: []
- (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): []
- (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): [] [Not Applicable]
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [] month [LIBOR/EURIBOR/PRIBOR/WIBOR]
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, 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 and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)

- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.
In the case of WIBOR, reference should be either to Reuters Screen WIBOR or WIBOR=.)

(g) ISDA Determination: [Applicable/Not Applicable]

- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []

(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)

(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 4 for alternatives)

15. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Accrual Yield: [] per cent. per annum

(b) Reference Price: []

(c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Notice periods for Condition 6.2: Minimum period: [30] days

Maximum period: [60] days

17. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs 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 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
18. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s) or Put Period(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
- (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
19. Final Redemption Amount: [Par], [[] per Calculation Amount]
20. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive

Notes[on 60 days' notice given at any time/only upon an Exchange Event]]

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

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

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

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

22. 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).

23. 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.]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer 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 [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of **mFINANCE FRANCE S.A.:** Signed on behalf of **mBANK S.A. :**

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

1. **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*)

2. RATINGS

Ratings:

[The Unsubordinated 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]

[Each of [*defined terms*] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

[*Need to 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] and any on-lending arrangement of the net proceeds of the issue of the Notes between the Issuer and the Guarantor, 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 the Guarantor and their affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)]

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

(i) [Reasons for the offer []]

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

(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: []

(Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".)

5. YIELD (Fixed Rate Notes Only)

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

6. HISTORIC INTEREST RATES (Floating Rate Notes Only)

[Details of historic [LIBOR/EURIBOR/PRIBOR/WIBOR] rates and their volatility can be obtained from [Reuters].]/[Not Applicable.]

7. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

(iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): []

- (vi) 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.]

8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names and addresses of Managers and underwriting commitments/quotas (material features): [Not Applicable/*give names, addresses and underwriting commitments*]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (iii) Date of [Subscription] Agreement: []
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/[]]
- (v) If non-syndicated, name and address of relevant Dealer: [Not Applicable/[]]
- (vi) Total commission and concession: [] per cent. of the Aggregate Nominal Amount
- (vii) U.S. Selling Restrictions: [Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]]
- (viii) Italian Selling Restriction: [No sales into Italy] [Sales into Italy subject to certain requirements] [Not Applicable]

- (ix) Non-exempt Offer: [Applicable][Not Applicable] *(if not applicable, delete the remaining placeholders of this paragraph (ix) and also paragraph 9 below)*
- Non-exempt Offer Jurisdictions: [Germany,] [The Netherlands,] [Austria,] [Luxembourg,] [the United Kingdom] and/or [Poland] and *[specify each other relevant Member State in which the particular Tranche of Notes can be offered]*
- (Specify relevant Member State(s) where the Issuer intends to make Non-exempt Offers (where the Base Prospectus lists the Non-exempt Offer Jurisdictions select from that list), which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*
- Offer Period: [Specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [] Business Days thereafter"] (the **Offer Period**)
- Financial Intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it: *[Insert names and addresses of financial intermediaries receiving consent (specific consent)]*
- General consent: [Not Applicable]
[Applicable]
- Other Authorised Offeror Terms: [Not Applicable]
[Add here any other Authorised Offeror Terms] (Authorised Offeror Terms should only be included here where General Consent is applicable.)]
- (N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*

9. TERMS AND CONDITIONS OF THE OFFER

[Not Applicable]
(Delete whole section if sub-paragraph 8(ix) above is specified to be Not Applicable because there is no Non-exempt Offer)

Offer Price: [Issue Price/ Not Applicable/specify]

Conditions to which the offer is subject: [Not Applicable/give details]

Description of the application process:	[Not Applicable/[]]
Details of the minimum and/or maximum amount of application:	[Not Applicable/[]]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/[]]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/[]]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/[]]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/[]]
Whether tranche(s) have been reserved for certain countries:	[Not Applicable/[]]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/[]]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/[]]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[The Authorised Offerors identified in paragraph [8] above and identifiable from the Base Prospectus/None/ <i>give details</i>]
[Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment:]	[None/[]]

ANNEX
SUMMARY OF THE NOTES

[]

NOTES WITH A DENOMINATION OF €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY) OR MORE, OTHER THAN EXEMPT NOTES

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of EUR 100,000 (or its equivalent in any other currency) or more issued under the Programme.

[Date]

mFinance France S.A.

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by mBank S.A.
under the €3,000,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated 24 March 2015 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Luxembourg Stock Exchange's website (www.bourse.lu).]

(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date. N.B. when using a post – 1 July 2012 approved Base Prospectus to tap a previous issue under a pre – 1 July 2012 approved Base Prospectus, the final terms in the post – 1 July 2012 Base Prospectus will take a different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.)

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [12 April 2012]/[8 April 2013]/[14 March 2014] which are incorporated by reference in the Base Prospectus dated 24 March 2015. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 24 March 2015 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Luxembourg Stock Exchange's website (www.bourse.lu).]

(Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the subparagraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.)

(When adding any information 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 16 of the Prospectus Directive.)

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: []

(N.B. Notes must have a minimum denomination of EUR 100,000 (or equivalent))

(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")

(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]]
(If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.)
8. Interest Basis: [[] per cent. Fixed Rate]
[[[] month [LIBOR/EURIBOR/PRIBOR/WIBOR]]
+/- [] per cent. Floating Rate]
[Zero Coupon]
(see paragraph [13]/[14]/[15] below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on the Maturity Date
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [13]/[14] applies and for the period from (and including) [date] to (but excluding) the Maturity Date, paragraph [13]/[14] applies][Not Applicable]
11. Put/Call Options: [Investor Put]
[Issuer Call]
[(see paragraph [17]/[18] below)]
[Not Applicable]
12. (a) Status of the Notes: [Unsubordinated/Subordinated]
- (b) Status of the Guarantee: [Unsubordinated/Subordinated]
- (c) [Date of [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and []], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes or related Guarantee)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(N.B. Amend appropriately in the case of irregular coupons)

- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year] [Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA)). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
14. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment as the Business Day Convention in (b) below is specified to be 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): []
- (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): [] [Not Applicable]
- (f) Screen Rate Determination: [Applicable][Not Applicable]
- Reference Rate: [] month [LIBOR/EURIBOR/PRIBOR/WIBOR]
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, 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 and the second day on which the TARGET2 System is open prior to the start of each Interest Period)

if EURIBOR or euro LIBOR)

- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.
In the case of WIBOR, reference should be either to Reuters Screen WIBOR or WIBOR=.)

(g) ISDA Determination: [Applicable][Not Applicable]

- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []

(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)

(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 4 for alternatives)

15. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Accrual Yield: [] per cent. per annum

(b) Reference Price: []

(c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Notice periods for Condition 6.2: Minimum period: [30] days
Maximum period: [60] days
17. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs 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 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
18. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s) or Put Period(s): []
- (b) Optional Redemption Amount: [] per Calculation Amount
(NB: The Optional Redemption Amount cannot be other than a specified amount per Calculation Amount)
- (c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
19. Final Redemption Amount: [Par], [[] per Calculation Amount]
20. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:

(a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

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

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

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

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

22. Additional Financial Centre(s): [Not Applicable/[]]
(Note that this paragraph relates to the date of payment and not Interest Period end dates to which subparagraphs 14(c) relates)

23. 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]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer 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 [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of **mFINANCE FRANCE S.A.:**

Signed on behalf of **mBANK S.A.:**

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the [Official List of the Luxembourg Stock Exchange] and admitted to trading on the [Regulated Market of the Luxembourg Stock Exchange] with effect from [].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be listed on the [Official List of the Luxembourg Stock Exchange] and admitted to trading on the [Regulated Market of the Luxembourg Stock Exchange] with effect from [].]

[The [name of original Series of Notes] issued on [date of issue of original Series of Notes] were listed on the [Official List of the Luxembourg Stock Exchange] and 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

Ratings: [The Unsubordinated 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]

[Each of [defined terms] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

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

[Save for any fees payable to the [Managers/Dealer] and any on-lending arrangement of the net proceeds of the issue of the Notes between the Issuer and the Guarantor, 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 the Guarantor and their affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

4. **YIELD** (Fixed Rate Notes Only)

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

5. **HISTORIC INTEREST RATES** (Floating Rate Notes only)

[Details of historic [LIBOR/EURIBOR/PRIBOR/WIBOR] rates and volatility can be obtained from [Reuters].]/[Not Applicable.]

6. **OPERATIONAL INFORMATION**

(i) ISIN Code: []

(ii) Common Code: []

(iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): []

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

APPLICABLE PRICING SUPPLEMENT

EXEMPT NOTES OF ANY DENOMINATION

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

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.

[Date]

mFinance France S.A.

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by mBank S.A.
under the €3,000,000,000
Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated [date] [as supplemented by the supplement[s] dated [date[s]]] (the **Base Prospectus**). Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus [dated [original date]] which are incorporated by reference in the Base Prospectus].

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

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

2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
- (a) Series: []
- (b) Tranche: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. (a) Specified Denominations: []
- (b) Calculation Amount: []
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
6. (a) Issue Date: []
- (b) Interest Commencement Date: *[specify/Issue Date/Not Applicable]*
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
7. Maturity Date: *[Fixed rate - specify date/
Floating rate - Interest Payment Date falling in or nearest to [specify month]]*
(If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.)
8. Interest Basis: [[] per cent. Fixed Rate]
[[[] month [LIBOR/EURIBOR/PRIBOR/WIBOR]]
[+/- [] per cent. Floating Rate]
[Zero Coupon]
[specify other]
(further particulars specified below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par [on the Maturity Date/[]
10. Change of Interest Basis [For the period from (and including) the Interest Commencement Date, up to (but excluding) *[date]* paragraph [13]/[14] applies and for the period from (but including) *[date]* to (but excluding) the Maturity Date, paragraph [13]/[14] applies] [Not Applicable]
11. Put/Call Options: [Investor Put]
[Issuer Call]

[(further particulars specified below)]
[Not Applicable]

12. (a) Status of the Notes: [Unsubordinated/Subordinated]
- (b) Status of the Guarantee: [Unsubordinated/Subordinated]
- (c) [Date of [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes or related Guarantee)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360][Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
14. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be 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): []
- (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): [] [Not Applicable]
- (f) Screen Rate Determination: [Applicable][Not Applicable]
- Reference Rate: [] month [LIBOR/EURIBOR/PRIBOR/WIBOR].
(Either LIBOR, EURIBOR, PRIBOR, WIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement and the Conditions will need amending.)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, 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 and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.
In the case of WIBOR, reference should be either to Reuters Screen WIBOR or WIBOR=.)
- (g) ISDA Determination: [Applicable][Not Applicable]
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
- (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 4 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: []

15. Zero Coupon Note Provisions [Applicable/Not Applicable]
 (If not applicable, delete the remaining subparagraphs of this paragraph)

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

PROVISIONS RELATING TO REDEMPTION

16. Notice periods for Condition 6.2 Minimum period: [30] days
 Maximum period: [60] days

17. Issuer Call: [Applicable/Not Applicable]
 (If not applicable, delete the remaining subparagraphs 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 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

18. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s) or Put Period(s): []

(b) Optional Redemption Amount: [[] per Calculation Amount]

(c) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

19. Final Redemption Amount: [Par,] [] per Calculation Amount

20. Early Redemption Amount payable on redemption for taxation reasons or on event of default) [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:

(a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

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

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

(Ensure that this is consistent with the wording in the

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

- (b) New Global Note: [Yes][No]
22. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of payment and not Interest Period end dates to which sub-paragraphs 14(c) relates)
23. 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]
24. Other terms or special conditions: [Not Applicable/give details]

THIRD PARTY INFORMATION

[[Relevant third party information] has been extracted from [specify source]. The Issuer 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 [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of **mFINANCE FRANCE S.A.:** Signed on behalf of **mBANK S.A. :**

By: By:

Duly authorised *Duly authorised*

PART B – OTHER INFORMATION

- 1. LISTING** [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]
- 2. RATINGS**
- Ratings: [The Unsubordinated Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)].
[Not Applicable]
- 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**
- [Save for any fees payable to the [Managers/Dealers] and any on lending arrangement of the net proceeds of the issue of the Notes between the Issuer and the Guarantor, 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 the Guarantor and their affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]
- 4. OPERATIONAL INFORMATION**
- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- [(vi) 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.]

5. DISTRIBUTION

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

TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by mFinance France 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 in the Specified Currency;
- (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 24 March 2015 and made between the Issuer, mBank S.A. (formerly known as BRE Bank SA, the **Guarantor**), 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 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 Directive (an **Exempt Note**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference to the Conditions to **applicable Final Terms** shall be deemed to include a reference to **applicable Pricing Supplement** where relevant. The expression **Prospectus Directive** means Directive 2003/71/EU (and amendments thereto, including the 2010 PD Amending Directive) to the extent implemented in the relevant Member State of the European Economic Area and includes any relevant implementing measure in the relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

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 (i) an unsubordinated Note guaranteed on an unsubordinated basis by the Guarantor as described in Condition 2.2 (an **Unsubordinated Note**) or (ii) a subordinated Note guaranteed on a subordinated basis by the Guarantor as described in Condition 2.3 (a **Subordinated Note**). The payment of all amounts in respect of the Unsubordinated Notes and the Subordinated Notes have been guaranteed by the Guarantor pursuant to a Deed of Covenant, such Deed of Covenant as modified and/or supplemented and/or restated from time to time (the **Guarantee**) dated on or about 24 March 2015 and executed by the Guarantor.)

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 or 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 (containing the Guarantee) (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated on or about 24 March 2015 and made by the Issuer and the Guarantor. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and by the Agent on behalf of the Noteholders and the Couponholders at its specified office.

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

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

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

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**), specified in the

applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

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

This Note may also be an Unsubordinated Note or a Subordinated Note as indicated in the applicable Final Terms.

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

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

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**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, the Guarantor and the Paying 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, the Guarantor and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

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

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

2. STATUS OF THE UNSUBORDINATED NOTES, THE SENIOR GUARANTEE, SUBORDINATION AND THE SUBORDINATED GUARANTEE

The applicable Final Terms will indicate whether the Notes are Unsubordinated Notes or Subordinated Notes and, in the case of Subordinated Notes, the applicable subordination provisions.

2.1 Status of the Unsubordinated Notes

The Unsubordinated Notes and any related Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

2.2 Status of the Senior Guarantee

The payment of principal and interest expressed to be payable by the Issuer in respect of the Unsubordinated Notes and has been unconditionally and irrevocably guaranteed by the Guarantor in the Guarantee (the **Senior Guarantee**). The obligations of the Guarantor under the Senior Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Guarantor present and future (save for certain mandatory exceptions provided by Polish law).

2.3 Status of the Subordinated Notes

- (a) The Notes are deeply subordinated notes of the Issuer issued pursuant to the provisions of Article L. 228-97 of the French *Code de commerce*. The Subordinated Notes and (if not otherwise specified in the applicable Final Terms) the Coupons constitute unsecured subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by law) at least *pari passu* with all present and future, direct, unconditional unsecured and subordinated obligations of the Issuer outstanding from time to time, but in priority to the *prêts participatifs* granted to the Issuer.
- (b) The Subordinated Notes shall, in the event of a bankruptcy, insolvency, liquidation, dissolution or winding-up of the Issuer, and to the extent permitted by French law, be subordinated in right of payment only to claims against the Issuer of all unsubordinated creditors of the Issuer. If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason, the rights of payment of the holders of Subordinated Notes shall be subordinated to the payment in full of unsubordinated creditors and, subject to such payment in full, the holders of Subordinated Notes shall be paid in priority to any *prêts participatifs* granted to the Issuer. In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with the Subordinated Notes will be terminated.
- (c) No holder of Subordinated Notes who shall be indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Subordinated Notes.

2.4 Status of the Subordinated Guarantee

The Guarantor has irrevocably and unconditionally guaranteed the due payment of all sums expressed to be payable under the Subordinated Notes on a subordinated basis (the **Subordinated Guarantee**). The obligations of the Guarantor under the Subordinated Guarantee constitute unsecured and subordinated obligations of the Guarantor to the extent that, in the event of the bankruptcy, liquidation, dissolution or other winding up of the Guarantor, and to the extent permitted by Polish law, payment by the Guarantor will be subordinated to claims against the Guarantor of all unsubordinated creditors of the Guarantor and to claims preferred under Polish law generally.

3. NEGATIVE PLEDGE

3.1 Negative Pledge

This Condition 3 is applicable only in relation to Unsubordinated Notes. So long as any Unsubordinated Note remains outstanding (as defined in the Agency Agreement):

- (a) 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, except that the Issuer shall be permitted to maintain deposits (*kaucja*) or substantially similar other deposits with the Guarantor as security for guarantees granted by the Guarantor of Relevant Indebtedness of the Issuer; and

- (b) the Guarantor will not create or have outstanding any Encumbrance upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant External Indebtedness unless the Guarantor shall, in the case of the creation of an Encumbrance, before or at the same time, in any other case, promptly take any and all action necessary to ensure that:
 - (i) all amounts payable by the Guarantor under the Senior Guarantee are secured by the Encumbrance equally and rateably with the Relevant External Indebtedness; or
 - (ii) such other Encumbrance or other arrangement (whether or not it includes the creation of an Encumbrance) is provided as shall be approved by an Extraordinary Resolution (which is defined in the Agency Agreement as a resolution duly passed by a majority of not less than three-fourths of the votes cast) of holders;

provided that, the above provisions shall not apply to: (x) any Encumbrance created on property, at the time of purchase thereof, solely as security for the payment of the purchase price thereof and provided that the Relevant External Indebtedness thereby secured does not exceed the purchase price thereof; or (y) any Encumbrance on or with respect to the assets, receivables, remittances or other payment rights of the Guarantor 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 Guarantor 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. INTEREST

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

4.1 Interest on Fixed Rate Notes

This Condition 4.1 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 4.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

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

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

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

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

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

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

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 4.1:

- (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.

In these Conditions:

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

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

4.2 Interest on Floating Rate Notes

This Condition 4.2 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 4.2 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

(a) Interest Payment Dates

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

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

Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

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

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

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b)(2) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; 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 Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the **TARGET 2 System**) is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) 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 the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of 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 (the **ISDA Definitions**) and under which:

- (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; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

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

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR, EURIBOR, PRIBOR or WIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, Prague time, in the case of PRIBOR, or Warsaw time, in the case of WIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent.

If the Agent cannot determine the Reference Rate as aforementioned, because the Screen Page is not published, or if the Agent cannot make such determination for any other reason, then the Reference Rate for the respective Interest Period shall be the arithmetic mean, rounded, if necessary, to the nearest one hundred thousandth of a percentage point, (0.000005% being rounded upwards), determined by the Agent of the interest rates which five reference banks selected by the Agent in conjunction with the Issuer (the **Reference Banks**), quote to prime banks on the relevant Interest Determination Date for deposits in the Issue Currency for such Interest Period.

Should two or more of the Reference Banks provide the relevant quotation, the arithmetic mean shall be calculated as described above on the basis of the quotations supplied.

If less than two Reference Banks provide a quotation, then the Reference Rate for the respective Interest Period shall be determined by the Agent, the Reference Rate shall be determined as at the last preceding Interest Determination Date.

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

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

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

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

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

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

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

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

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which 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 the other of which 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 or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

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

Interest Period) and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. 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.

(g) 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 4.2, by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 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.

5. PAYMENTS

5.1 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, or, at the option of the payee, by a cheque in such Specified Currency drawn on, 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 or, at the option of the payee, by a euro cheque.

5.2 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 7 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 7) any law implementing an intergovernmental approach thereto.

5.3 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 5.1 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 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7) 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.

5.4 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.

5.5 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 or, as the case may be, the Guarantor 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 share of each payment so made by the Issuer or, as the case may be, the Guarantor 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 and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

5.6 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 8) 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) in:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open.

5.7 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;
- (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 6.5); 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 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount (which shall be at least be equal the Nominal Amount of each Note) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.5, 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, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) 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
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantor 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, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

This Condition 6.3 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons), 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 6.3 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 (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.

6.4 Redemption at the option of the Noteholders (Investor Put)

This Condition 6.4 applies to 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 6.4 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 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 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 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 (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 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 his instruction by Euroclear, Clearstream, Luxembourg, or any common depositary or common safekeeper, as the case may be, for 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 given by a holder of any Note pursuant to this Condition 6.4 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 6.4 and instead to declare such Note forthwith due and payable pursuant to Condition 9.

6.5 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

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

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

6.6 Purchases

The Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor 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. All Notes so purchased will be surrendered to a Paying Agent for cancellation, with the exception of the Notes purchased by the Issuer that may be held and resold for the purpose of enhancing the liquidity of the Notes in accordance with Articles L. 213-1-A and D. 213-1-A of the French *Code monétaire et financier*.

6.7 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 6.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.8 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 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 9 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 6.5(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.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor 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 shall equal the respective amounts of principal and interest which 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 with respect to any Note or Coupon:

- (a) presented for payment in France or Poland; or

- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented 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 an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.7); or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used herein:

- (i) **Tax Jurisdiction** means France or Poland, 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.

8. 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 7) 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 5.3 or any Talon which would be void pursuant to Condition 5.3.

9. EVENTS OF DEFAULT

9.1 Events of Default relating to Unsubordinated Notes

This Condition 9.1 is applicable in relation to Unsubordinated Notes only.

The following events or circumstances (each an **Event of Default**) shall be events of default in relation to the Notes of any Series, namely:

(a) Non-payment

The Issuer or the Guarantor fails to pay any amount of interest or principal due in respect of the 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 France and Poland; or

(b) Breach of Other Obligations

If the Issuer or the Guarantor fails to perform or observe any of its other material obligations under these Conditions or in respect of Notes of the relevant Series or the Agency Agreement or (in the case of the Guarantor only) the Senior Guarantee or the Subordinated Guarantee and (except in any case where the failure is incapable of remedy when no continuation or notice as if hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by any holder on the Issuer or the Guarantor, as the case may be, of notice requiring the same to be remedied; or

(c) Cross Default

If any Relevant Indebtedness of the Issuer or the Guarantor or any of their respective Material Subsidiaries becomes due and repayable prematurely by reason of any event of default (however described) or the Issuer or the Guarantor or any of their respective Material Subsidiaries fails to make any payment in respect of any Relevant Indebtedness on the due date therefor as extended by any applicable grace period or any security given by the Issuer or the Guarantor or any of their respective Material Subsidiaries for any Relevant Indebtedness becomes enforceable or if default is made by the Issuer or the Guarantor or any of their respective 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 the Guarantor or any of their respective Material Subsidiaries; or

(e) Cessation of Business

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

(f) Insolvency/Winding-up

if (i) proceedings are initiated against the Issuer or the Guarantor or any of their respective Material Subsidiaries under any applicable bankruptcy, recovery, liquidation, insolvency, composition, or other similar laws or a receiver, manager, administrator or other similar official is appointed in relation to the Issuer or the Guarantor or any of their respective 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 (ii) in any case is not discharged within 21 days; or if the Issuer or the Guarantor or any of their respective Material Subsidiaries initiates or consents to judicial or other proceedings relating to itself under any applicable bankruptcy, recovery, liquidation, insolvency, composition or other similar 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) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(g) Withdrawal of Banking Licence

If the banking operations of the Guarantor are suspended or the Guarantor's banking licence is withdrawn pursuant to applicable Polish banking law; or

(h) Guarantees in Effect

If either the Senior Guarantee or the Subordinated Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect; or

(i) Issuer Wholly-owned

If the Issuer ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by the Guarantor.

9.2 Definitions

In these Conditions:

Auditors means the auditors from time to time of the Issuer or the Guarantor, 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 Terms and Conditions, means any other firm of certified accountants of international standing or repute in Poland or France, as the case may be, nominated by the Issuer or the Guarantor;

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 (the **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 6.5) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the 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.

Material Subsidiary means any Subsidiary of the Issuer or the Guarantor: (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 10 per cent. of the consolidated gross profits of the Issuer or the Guarantor, or, as the case may be, consolidated total assets, of the Issuer or the Guarantor and their respective 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 or the Guarantor, as the case may be, and their respective Subsidiaries; or (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer or the Guarantor, as the case may be, which immediately before the transfer is a Material Subsidiary of the Issuer or the Guarantor, all as more particularly defined in the Agency Agreement. A certificate by the Directors of the Issuer or the Management Board of the Guarantor confirming that in their opinion a Subsidiary of the Issuer or the Guarantor is or is not or was or was not at any particular time a Material Subsidiary of the Issuer or the Guarantor, as the case may be, accompanied by a report of the Auditors addressed to the Issuer or the Guarantor (as to proper extraction of the figures used by the Directors of the Issuer or the Management Board of the Guarantor in determining the Material Subsidiaries of the Issuer or the Guarantor and mathematical accuracy of the calculation), as the case may be, shall, in the absence of manifest error, be conclusive and binding on all parties.

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

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

9.3 Events of Default relating to Subordinated Notes

This Condition 9.3 only applies to Subordinated Notes.

There will be no Events of Default in relation to Subordinated Notes.

10. 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.

11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. 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 and the Guarantor are entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying 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;
- (c) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdictions in which the Issuer and the Guarantor are incorporated.

In addition, the Issuer and the Guarantor shall immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor 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 Paying 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 paying agent.

12. 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 8.

13. 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 (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND SUBSTITUTION

The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening 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 or the Guarantor 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.

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 as soon as practicable thereafter.

The Issuer, or any previous substituted company, may at any time, without the consent of the holders of the Notes of any Series or Coupons, substitute for itself as principal debtor under the Notes, the Coupons and the Talons any company (the **Substitute**) that is the Guarantor, or a Subsidiary of the Guarantor, 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 8, 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) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Coupons, Talons and the Deed of Covenant shall be unconditionally guaranteed by the Guarantor 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 Guarantor 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 9 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 9 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

15. 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.

16. 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.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 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 2.3 which shall be governed by, and construed in accordance with, French law.

17.2 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 17.2, 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.

17.3 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.

17.4 Other documents and the Guarantor

The Issuer and, where applicable, the Guarantor 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.

USE OF PROCEEDS

The net proceeds of the issue of each Tranche will be transferred to the ownership of the Guarantor and deposited to its account under the terms of a deposit agreement (*umowa kaucji*), establishing a deposit (*kaucja*), to be entered into between the Issuer and the Guarantor on or before the first Issue Date, and will be used by the Guarantor for general corporate purposes which will include making a profit. If in respect of an issue of Notes there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

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

SELECTED FINANCIAL INFORMATION OF THE ISSUER

The following paragraphs present selected financial data of the Issuer as at and for the years ended 31 December 2014 and 2013, extracted from the audited standalone financial statements of the Issuer for the years 2014 and 2013 (see also "*Documents Incorporated by Reference*").

The Issuer is an entity controlled by the Bank and its assets, liabilities and results are consolidated into the Group for the purposes of the consolidated financial statements of the Group, as to which see "*Documents Incorporated by Reference*".

As at 31 December 2014 and 31 December 2013, the Issuer had total assets of EUR 1,702,214,265 and EUR 685,508,851 respectively. As at 31 December 2014, loans amounting to EUR 1,689,463,808 (as at 31 December 2013: EUR 683,045,109) represented 99.25 per cent. of the total assets of the Issuer and related to the deposit agreements between the Issuer and the Guarantor. Shareholder's equity of the Issuer as at 31 December 2014 and 31 December 2013 was EUR 156,180 and EUR 166,967 respectively, and debts as at 31 December 2014 and 31 December 2013 amounted to EUR 1,698,370,214 and EUR 685,200,622 respectively. As at 31 December 2014, other bonded debts and loans and debts with credit institutions amounting to EUR 1,698,334,133 (as at 31 December 2013: EUR 685,169,520) represented 99.77 per cent. of the total liabilities of the Issuer and related to the deposit agreements between the Issuer and the Guarantor.

For the year ended 31 December 2014, the Issuer had sold production of EUR 150,298 (2013: EUR 138,369). Other purchases & external expenses from operations in 2014 amounted to EUR 143,653 (2013: EUR 109,486). Due to issuing EUR 500 million of unsubordinated fixed rate notes due 1 April 2019 and EUR 500 million of unsubordinated fixed rate notes due 26 November 2021 and entering into deposit agreements with the Guarantor, for the year ended 31 December 2014 the total financial revenue of the Issuer amounted to EUR 29,806,322 (as compared to EUR 15,500,626 in 2013) and total financial expenses amounted to EUR 29,823,753 (2013: EUR 15,501,365). As a result, for the years ended 31 December 2014 and 31 December 2013 the Issuer generated a net loss of EUR 10,787 and a net income of EUR 26,932, respectively.

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

FINANCIAL DATA OF THE GROUP

The past two financial years have represented a period of strong business and financial performance of the Group supported by a set of strategic initiatives aimed at revenue enhancement, cost optimisation and building a sustainable competitive advantage.

The Group's core income (i.e. net interest income and net fee and commission income) reached PLN 3,392.3 million for the year ended 31 December 2014 compared to PLN 3,060.5 million for the year ended 31 December 2013. Net interest income increased by 11.9 per cent. to PLN 2,490.7 million for the year ended 31 December 2014, compared to PLN 2,225.8 million for the year ended 31 December 2013. The change was mainly driven by a decrease of interest expense by 15.0 per cent. Interest income remained stable despite reference rate decreases carried out by the Monetary Policy Council during the last two years.

Net fee and commission income, despite a reduction of the card interchange fee effective from 1 July 2014, grew to PLN 901.7 million for the year ended 31 December 2014, compared to PLN 834.7 million for the year ended 31 December 2013. Fee and commission income increased by 7.3 per cent. year on year. Payment

card-related commission income remained stable year on year. Fees and commissions on loans increased in 2014 due to higher volumes of sales of non-mortgage loans. Commissions for money transfers increased driven by a growing client base and a higher number of transactions. Dividend income amounted to PLN 20.0 million in 2014, compared to PLN 26.9 million in 2013. The decrease was due to lower dividend payments received from PZU S.A. Net trading income amounted to PLN 369.2 million in 2014 and was higher by 7.6 per cent. compared to 2013. Gains less losses on investment securities, investments in subsidiaries and associates stood at PLN 51.9 million in 2014, compared to PLN 78.6 million in 2013. Net other operating income (other operating income less other operating expenses) amounted to PLN 105.7 million in 2014, representing a decrease of 35.7 per cent. year on year.

Moreover, the business development of the Group was accompanied by a continued focus on maintaining strict cost management. In 2014, the Group's operating income (calculated as a sum of net interest income, net fee and commission income, dividend income, net trading income, gains less losses from investment securities, investments in subsidiaries and associates, other operating income and other operating expenses) increased by 7.2 per cent compared to 2013, while the Group's overhead costs and amortisation for the year ended 31 December 2014 increased by 5.5 per cent. compared to the year ended 31 December 2013. A strict cost discipline was maintained despite implementation of several strategic projects, continuation of important business initiatives and active marketing campaigns. As a result, the Group's cost to income ratio declined to 44.9 per cent. for the year ended 31 December 2014 from 45.7 per cent. for the year ended 31 December 2013. The cost to income ratio is calculated by dividing overhead costs and amortisation by operating income comprising: net interest income, net fee and commission income, dividend income, net trading income, gains less losses from investment securities, investments in subsidiaries and associates, other operating income and other operating expenses.

For the year ended 31 December 2014, net impairment losses on loans and advances for the Group amounted to PLN 515.9 million, compared to PLN 477.8 million for the year ended 31 December 2013 representing an increase of 8.0 per cent. As at 31 December 2014, the Group's non-performing loans ratio (calculated by dividing the gross carrying value of loans and advances to customers with recognised impairment by the gross carrying value of loans and advances to customers) reached 6.4 per cent. compared to 6.3 per cent. as at 31 December 2013.

The profit before income tax of the Group in 2014 totalled PLN 1,652.7 million compared to PLN 1,517.7 million in 2013. The Group's gross return on equity grew from 16.5 per cent. in 2013 to 16.9 per cent. in 2014. This improvement was recorded despite an increase in the Group's average shareholder equity, which was driven mainly by profit retention.

mBank Group's net profit attributable to Owners of mBank S.A. in 2014 reached PLN 1,286.7 million representing an increase by 6.7 per cent. compared to 2013. The Group's net return on equity remained unchanged compared to 2013, i.e. at 13.1 per cent.

As at 31 December 2014, the total capital ratio stood at 14.66 per cent. and the Common Equity Tier 1 ratio amounted to 12.24 per cent. The capital ratios as at 31 December 2014 were calculated in accordance with the CRR Regulation and amending Regulation (EU) No 648/2012 (rules based on "Basel III"). Therefore they are not comparable to the ratios reported as at 31 December 2013, when the Capital adequacy ratio and Tier 1 capital ratio stood at 19.38 per cent. and 14.21 per cent., respectively and were calculated on the basis of "Basel II" requirements.

PRESENTATION OF THE GROUP FINANCIAL AND OTHER INFORMATION

GROUP HISTORICAL FINANCIAL INFORMATION

The following tables present selected consolidated financial data of the Group as at and for the years ended 31 December 2014 and 31 December 2013 which were derived from the Consolidated Financial Statements of the Group.

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

Consolidated Income Statements

	Year ended 31 December	
	2014	2013
	<i>(PLN thousands)</i> <i>(audited)</i>	
Interest income	3,956,254	3,949,971
Interest expense	(1,465,596)	(1,724,160)
Net interest income	2,490,658	2,225,811
Fee and commission income	1,399,601	1,303,834
Fee and commission expense	(497,911)	(469,096)
Net fee and commission income	901,690	834,738
Dividend income	19,992	26,856
Net trading income, including:	369,156	342,978
<i>Foreign exchange result</i>	<i>233,048</i>	<i>282,545</i>
<i>Other net trading income and result on hedge accounting</i>	<i>136,108</i>	<i>60,433</i>
Gains less losses from investment securities, investments in subsidiaries and associates	51,926	78,578
Other operating income	346,922	374,821
Net impairment losses on loans and advances	(515,903)	(477,778)
Overhead costs	(1,580,543)	(1,490,153)
Amortisation	(190,022)	(187,890)
Other operating expenses	(241,176)	(210,258)
Operating profit	1,652,700	1,517,703
Profit before income tax	1,652,700	1,517,703
Income tax expense	(363,390)	(308,725)
Net profit	1,289,310	1,208,978
Net profit attributable to:		
Owners of mBank S.A.	1,286,668	1,206,375
Non-controlling interests	2,642	2,603

Source: Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

	Year ended 31 December	
	2014	2013
	<i>(PLN thousands)</i> <i>(audited)</i>	
Net profit	1,289,310	1,208,978
Other comprehensive income net of tax, including:	231,456	(165,942)
Items that may be reclassified subsequently to the income statement	233,361	(165,233)
Exchange differences on translation of foreign operations (net)	245	(2,116)
Change in valuation of available-for-sale financial assets (net)	229,060	(163,117)
Cash flows hedges (net)	4,056	-
Items that will not be reclassified to the income statement	(1,905)	(709)
Actuarial gains and losses relating to post-employment benefits (net)	(1,905)	(709)

	Year ended 31 December	
	2014	2013
	(PLN thousands) (audited)	
Total comprehensive income (net)	1,520,766	1,043,036
Total comprehensive income (net), attributable to:		
Owners of mBank S.A.	1,518,124	1,040,433
Non-controlling interests	2,642	2,603

Source: Consolidated Financial Statements

Consolidated Statements of Financial Position

	As at 31 December	
	2014	2013
	(PLN thousands) (audited)	
ASSETS		
Cash and balances with the Central Bank	3,054,549	1,650,467
Loans and advances to banks	3,751,415	3,471,241
Trading securities	1,163,944	763,064
Derivative financial instruments.....	4,865,517	2,349,585
Loans and advances to customers.....	74,582,350	68,210,385
Hedge accounting adjustments related to fair value of hedged items.....	461	970
Investment securities	27,678,614	25,341,763
Non-current assets held for sale	576,838	-
Intangible assets.....	465,626	455,345
Tangible assets.....	717,377	709,552
Current income tax assets	61,751	7,332
Deferred income tax assets	272,416	370,821
Other assets.....	794,964	952,236
Total assets	117,985,822	104,282,761
LIABILITIES		
Amounts due to other banks	13,383,829	19,224,182
Derivative financial instruments.....	4,719,056	2,459,715
Amounts due to customers	72,422,479	61,673,527
Debt securities in issue	10,341,742	5,402,056
Hedge accounting adjustments related to fair value of hedged items	103,382	(4,349)
Liabilities held for sale	276,341	-
Other liabilities	1,349,654	1,267,672
Current income tax liabilities	1,969	9,581
Deferred income tax liabilities	9,785	2,954
Provisions	176,881	228,228
Subordinated liabilities	4,127,724	3,762,757
Total liabilities	106,912,842	94,026,323
EQUITY		
Equity attributable to Owners of mBank S.A.	11,043,242	10,229,342
Share capital:	3,523,903	3,512,338
Registered share capital.....	168,840	168,696
Share premium	3,355,063	3,343,642
Retained earnings:	6,969,816	6,398,937

	As at 31 December	
	2014	2013
	<i>(PLN thousands)</i> <i>(audited)</i>	
<i>Profit from the previous years</i>	5,683,148	5,192,562
<i>Profit for the current year</i>	1,286,668	1,206,375
Other components of equity	549,523	318,067
Non-controlling interests	29,738	27,096
Total equity	11,072,980	10,256,438
Total equity and liabilities	117,985,822	104,282,761

Source: Consolidated Financial Statements

Items from Consolidated Cash Flow Statements

	Year ended 31 December	
	2014	2013
	<i>(PLN thousands)</i> <i>(audited)</i>	
Cash and cash equivalents at the beginning of the reporting period	3,685,640	7,578,317
Net cash generated from/used in operating activities	481,916	(871,524)
Net cash generated from/used in investing activities	(196,312)	(146,971)
Net cash generated from/used in financing activities	721,173	(2,846,202)
Effects of exchange rate changes on cash and cash equivalents	19,088	(27,980)
Cash and cash equivalents at the end of the reporting period.....	4,711,505	3,685,640
Net increase/decrease in cash and cash equivalents	1,006,777	(3,864,697)

Source: Consolidated Financial Statements

Capital Adequacy

Common Equity Tier 1 capital ratios and total capital ratios of mBank S.A. and mBank S.A. Group as of 31 December 2014 were calculated in accordance with the Regulation of the European Parliament and of the Council (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (the **CRR Regulation**). According to the CRR Regulation, certain decisions (so called “national discretions”), relevant for the process of capital ratios calculation, are taken and published in member states by public authorities or bodies empowered to supervise credit institutions and investment firms. National discretions were not published by the respective Polish public authority or body till the date of issuing of the consolidated financial statements of mBank S.A. Group for the year 2014.

As of 31 December 2014, in the calculation of the consolidated capital ratios of the Group, the total risk exposure amount was determined taking into account the risk exposure amount for credit risk with application of the Advanced Internal Rating-Based (**AIRB**) approach and was maintained at a level based on 80 per cent of the total risk exposure amount including the risk exposure amount for credit risk calculated under the standardised approach. Moreover, in the calculation of the consolidated capital ratios, the risk exposure amount for credit risk of mBank Hipoteczny with the application of the AIRB slotting approach was taken into account. Additionally, consolidated own funds were calculated with the application of the deduction derived from the AIRB approach.

The table below presents selected data concerning capital ratios of the Group as at the dates indicated below.

31 December

	<u>2014</u>	<u>2013</u>
	<i>(audited)</i>	
	<i>(per cent.)</i>	
Total capital ratio/capital adequacy ratio.....	14.66	19.38
Common Equity Tier 1 capital ratio/Core Tier 1 ratio	12.24	14.21

Source: Consolidated Financial Statements

Key Financial Ratios

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

	As at and for the year ended 31 December	
	2014	2013
	<i>(per cent.)</i>	
	<i>(unaudited)</i>	
ROE gross ¹	16.9	16.5
ROE net ²	13.1	13.1
ROA net ³	1.1	1.1
Cost to income ratio (C/I) ⁴	44.9	45.7
Net interest margin (NIM) ⁵	2.3	2.2
Non-performing loans ratio ⁶	6.4	6.3

Source: The Bank

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

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

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

⁴ Calculated by dividing overhead costs and amortisation by operating income comprising: net interest income, net fee and commission income, dividend income, net trading income, gains less losses from investment securities, investments in subsidiaries and associates, investments in subsidiaries and associates, other operating income and other operating expenses.

⁵ Calculated by dividing net interest income by average interest earning assets.

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

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. It is the fourth largest banking group in the Polish market in terms of total assets and customer loans and fifth in terms of deposits according to the financial statements published by Polish banks. Furthermore, the Group has leading positions in brokerage, commercial real estate financing, factoring, leasing and distribution of insurance products.

Despite increasing competition in the Polish financial sector, the Bank's client base has grown almost entirely organically, reaching 4.7 million retail clients (including 534,200 in the Czech Republic and 227,900 in Slovakia) and 17,800 corporate customers as at 31 December 2014.

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 Bank 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. In addition, in 2013, the Bank launched a re-developed, modern and user-friendly internet platform ("New mBank") with more than 200 new features, solutions and improvements.

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 now expanding also into non-mortgage and mortgage loans as the bank has been able to establish and develop strong client relationships. At the end of 2014, mBank launched the first mobile banking platform in the Czech Republic, building on its success in the domestic market. As a result mBank in the Czech Republic is a fully fledged retail bank representing a successful extension of the Polish model.

The Group's range of products and services for corporate clients is focused on transactional banking products and services (primarily business accounts, local and foreign transfers, payment cards, cash services and liquidity management products), and 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 New mBank and corporate banking internet platform "mBank CompanyNet"), premium service quality and a mid-sized physical distribution network located throughout Poland. The physical distribution network is composed of (i) its own organically grown countrywide retail network of 131 mBank branded outlets and 90 outlets comprising Aspiro Financial Centres and mKiosk outlets, as well as (ii) 29 fully fledged corporate branches and 18 corporate offices located in the largest cities throughout Poland. The internet and mobile transaction platform supports a branch-light model, thereby giving the Group a low fixed cost base and a high degree of operating flexibility.

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

online and mobile applications based on customer behaviour patterns. The implementation of New mBank won global recognition for innovation in banking taking home five global awards since 2013, including EFMA Innovation Awards for Digital & Mobile Excellence and Most Disruptive Innovation, Finovate Best of Show in London and New York, and Celent Model Bank 2014 in New York.

History

The Bank was established in 1986 under the business name of Bank Rozwoju Eksportu SA. The State Treasury of the Republic of Poland and the NBP were among its founding shareholders. The Bank was originally dedicated solely to serving corporate customers and focused on granting foreign currency loans to Polish exporters for the purchase of investment goods and technology.

Following its initial public offering in 1992 under which the State Treasury of the Republic of Poland sold a portion of its shareholding, the Bank's shares were admitted to trading on the regulated market operated by the Warsaw Stock Exchange.

In 1994, the Bank signed a strategic partnership agreement with Commerzbank, which purchased 21 per cent. of the Bank's shares. Subsequently the Bank's share capital was increased. As at the date of this Base Prospectus, Commerzbank holds shares representing 69.54 per cent. of the Bank's share capital and of the total number of votes at the Bank's General Shareholders' Meeting.

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

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

In 2001, the Bank added a second retail brand, MultiBank, a high street brick-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. At the end of 2014, the Bank provided services to approximately 762,000 customers in the Czech Republic and Slovakia through its internet platform and 35 branches.

The rebranding of the "BRE Bank" and "MultiBank" brands with the "mBank" brand on 25 November 2013 represents 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 mBank Group also implemented two important strategic initiatives. In March 2014, mBank announced a strategic alliance with Orange Polska, Poland's largest telecoms operator and on 2 October 2014 both companies launched a joint mobile banking service called "Orange Finance". Under the agreed cooperation model, mBank provides financial products, while Orange Polska is responsible for sales and the marketing. Through this co-operation, mGroup gains access to Orange Polska's client base of more than 15 million customers.

The Bank has also announced an important co-operation arrangement with the AXA Group, one of the largest insurance institutions in the world, in order to enhance the quality of products and services offered for mBank Group clients and to expand the Bank's range of insurance products. On 11 September 2014, the Bank's subsidiary Aspiro which is a shareholder of the Bank's insurance subsidiary, BRE Ubezpieczenia

TUiR, concluded an agreement with the AXA Group for the sale of 100 per cent. of BRE Ubezpieczenia TUiR's shares. The transaction will be completed after obtaining consent from the KNF. The Bank expects the transaction to be completed by the end of March 2015.

Competitive Strengths

Leading Market Position across Key Segments

The Group has a leading position in retail, corporate and investment banking in Poland. As at 31 December 2014, mBank's market share in retail loans and retail deposits stood at 6.2 per cent. and 5.3 per cent., respectively (based on NBP figures). Based on publicly available information from, *inter alia*, the Association of Polish Banks and the online portal Bankier.pl, the Bank is one of the leading retail banks in Poland, both in terms of active users of internet banking and the number of new customers based on new current account openings.

As at 31 December 2013, the Bank's market share in corporate loans and corporate deposits stood at approximately 6.2 per cent. and 8.8 per cent., respectively (based on NBP figures). Furthermore, the Bank has been consistently ranked as one of the leading banks providing investment banking services in Poland. According to Fitch Polska S.A., Rating and Rynek, as at 31 December 2014 the Bank was the market leader for arranging bank debt securities and ranked third in the market for providing corporate bonds and fifth for providing short-term debt securities. The Bank is also ranked among the leading government debt securities primary dealers by the Polish Ministry of Finance as well as money market dealers by the NBP. In 2014, mBank was ranked number one in the money market dealers activity index.

Multi-Channel Retail Banking Model

The Group's Retail Banking business model is based on a multi-channel distribution (branches, internet, telephone, mobile phones) approach. An integrated internet platform is the central pillar of the Bank's broad product and service offering. The Bank's ability to provide different customer groups with a broad range of products and services tailored to their needs has been the key driver supporting the rapid and steady growth in the number of customers. The Bank's retail banking model was further enhanced by the introduction of an innovative new online banking platform which was launched on 4 June 2013. The consistently strong business and financial performance of the Bank's retail operations is a result of its continued focus on building the best service on the market and forging long-term client relationships. The Bank remains a market leader in acquiring new clients and it continues to broaden the scope of products and services offered.

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 internet, mobile, video and call centre channels rapidly gaining importance as demonstrated by the sales levels of various banking products generated by these channels as compared to traditional branches. The Bank promotes a self-service model in which retail customers operate their accounts via the internet, telephone and mobile banking, allowing the Bank to leverage its premium client access by proactively using modern real time marketing.

mBank's innovative and unique business model puts the Bank in a good position to target young, aspiring, tech-savvy clients. The Bank's retail client base has an advantageous demographic profile as compared to the Polish market with a higher proportion of retail clients under the age of 35, who are expected to reach their highest personal income levels in years to come.

Strong Corporate and Investment Banking Business

The Corporates and Markets segment of the Bank is organised into two sub-segments: (i) Corporate & Investment Banking, which covers a comprehensive corporate banking product and services offering and (ii) Financial Markets which focuses on trading and other activities on financial markets.

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.

As part of implementation of the Bank's "One Bank Strategy", since 2013, the Bank's investment banking functions have been integrated with its corporate banking functions in order to offer to its corporate clients fully integrated commercial banking products, services and solutions along with its investment banking services, such as ECM, DCM and M&A advisory services, and to build potential for the future extension of its integrated corporate and investment banking offer to medium-sized corporate clients. The Bank's investment banking products and services, as well as commercial lending products, structured finance and market risk hedging instruments complement its core transactional banking products offered to corporate clients.

The Group's corporate customer base has grown from 16,333 customers as at 31 December 2013 to 17,787 customers as at 31 December 2014.

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.

As an innovator in the market, the Bank has sought to constantly improve its internet and mobile transaction platform. This culminated in 2013 in the launch of New mBank with more than 200 new features, solutions and improvements. Some examples of innovative and successful products developed and introduced by the Bank include: mSaver (a savings programme with an innovative mechanism where amounts of money are automatically transferred to the client's mSaver account following each of the client's transactions), personal finance management, mOkazje discount programme funded by merchants and the budget planning tool. 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.

The New mBank internet transaction platform was appreciated by both clients and external experts, as evidenced by a number of awards and distinctions, including, *inter alia*, the Bank Innovation Awards 2014, EFMA Innovation Awards for Digital & Mobile Excellence and Most Disruptive Innovation, Finovate Best of Show in London and New York, Celent Model Bank 2014 in New York and the “Złoty Bankier” (“Golden Banker”) award. In 2014, the Bank was also awarded in Newsweek’s ranking “Przyjazny bank” (“Friendly bank”) and TNS Polska’s ranking “Jakość na bank” (“Quality you can bank on”).

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

Prudent Risk Management

The Group views risk management as an essential part of its activities. It has a decisive influence on the Bank's choice of business strategies, selection of target customers and optimisation of profitability against risks. The quality of its risk management constitutes part of the Group's competitive advantage. The Group's risk management system, which conforms to the highest market standards, includes up-to-date methodology and procedures of risk identification and measurement, and tools supporting measurement and monitoring of risk with respect to individual types of inherent risks in the Group's business. One of the elements of the risk management process is correct valuation of assets. For several years the Group has applied an appropriate approach to the profile of conducted activities which aims to identify circumstances of impairment of loans exposure and properly charge impairment losses on loans and advances exposure.

The Group also considers that one of its competitive strengths is its efficient credit process, both in respect of corporate and retail customers. Nonetheless, the Group strives to continuously optimise its lending procedures and to actively manage and monitor individual customers' exposures.

Experienced, Stable and Dynamic Management Team driving a Culture of Innovation

The Bank has a highly qualified, stable and experienced senior management team. The Management Board is chaired by Dr Cezary Stypułkowski, currently the longest serving CEO of a leading financial institution in Poland, with 13 years' experience as CEO at Bank Handlowy S.A. (currently Citibank Group), three years' experience at PZU S.A. and more than four years' experience at the Bank. In addition, the Management Board comprises bankers with extensive experience of working in Polish and international financial institutions, such as Citigroup, Commerzbank, ABN AMRO Bank, KBC Group and Zurich Group.

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 Group's management strategy has helped the Group to maintain its leading position in the Polish banking market while consistently improving its financial performance amid a challenging economic environment marked by continued uncertainty in the financial markets globally.

Commerzbank as the Strategic Shareholder of the Group.

Commerzbank is the principal shareholder of the Bank. As of the date of this Prospectus, Commerzbank holds shares representing 69.54 per cent of the Bank's share capital and of the total number of votes at the General Shareholders' Meeting. The Group benefits from its relationship with Commerzbank as its strategic shareholder, including access to foreign exchange-denominated funding provided by Commerzbank and operational and know-how support in various areas of business (for example, product development, risk management, and access to global capital markets).

Strategy

The Group will continue the development and implementation of the “One Bank Strategy” as an innovative and high quality banking franchise in Poland, selectively exploit attractive opportunities to grow the business in retail and corporate segments, continue active balance sheet management and focus on continuous improvement of the overall profitability of the Group and the generation of attractive returns for shareholders.

In the pursuit of its overall strategic goals, the Management Board has implemented and intends to continue to implement the following strategic initiatives.

Continue the Development and Implementation of the “One Bank Strategy” as an Innovative and High Quality Banking Franchise in Poland

Since 2012, the Group has focused on the implementation of its 2012–2016 “One Bank Strategy”. The “One Bank Strategy” is based on the following foundations:

- *One Team* – employees engaged and focused on the achievement of common strategic objectives;
- *One Brand* – a unified image of the Group after replacing the three main brands (mBank, MultiBank and BRE Bank) with the strongest brand in the portfolio, i.e. mBank;
- *One Network* – unified formats of the Bank branches; and
- *One Group* – closer co-operation and business integration between different businesses within the Group aimed at strengthening the long-term advantage of building lasting client relationships.

mBank is reorganising its network of outlets. The new model aims to create a unified and integrated network of branches for retail and corporate clients of the Group focusing on: (i) adjusting the new network model to the changing behaviour of the Group’s clients from different segments and to alternative access channels used by clients; (ii) increasing the network availability to all the Group’s clients and relocating some of the Bank’s outlets to higher customer traffic hubs, such as shopping malls; (iii) offering all of the Group’s products in universal branches; and (iv) reducing costs while maintaining the current quality of service as well as boosting effectiveness. The first branches in the new format were opened in 2014, with more outlets to start operating as existing leases expire.

The Group intends to continue to focus on developing innovative acquisition and distribution models, such as its co-operation with Orange Polska which represents one of the first co-operations of this nature and scale in Poland. Through this co-operation, the Group gained access to Orange Polska’s client base (15.6 million mobile customers as the end of 2014). The Group expects that its co-operation with Orange Polska will give the Bank further potential to grow its client base and generate cross-selling opportunities.

The Bank has also entered into an important strategic partnership with the AXA Group, one of the largest insurance institutions in the world, in order to enhance the quality of products and services offered for mBank Group clients and to expand the Bank’s range of insurance products, particularly in the non-life sector

Selectively Exploit Attractive Opportunities to expand Business in the Retail and Corporate Segments

Retail banking segment

In addition to the launch in 2013 of New mBank, the Group intends to increase its revenues by: (i) attracting new customers through the broad functionality of its current account products which are fully integrated with all of the Bank’s retail products, (ii) offering cutting-edge transactional and mobile banking, (iii) increasing the number of products provided to its customers for whom the Bank is not currently its first choice and (iv) segmenting its retail customer base through the use of its CRM system to intensify the sale of certain products and services, depending on the current and anticipated future needs of individual customer groups.

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

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

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

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

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

Corporate and investment banking segment

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

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

Active Balance Sheet Management and Continued Improvement in Profitability

In order to further diversify its funding profile and to extend the maturities of its funding base the Group intends to continue to focus on sourcing diversified, long-term and attractively priced funding by, in particular, issuing senior unsecured and subordinated bonds in domestic and international markets and launching a programme of issuing covered bonds secured with retail mortgage loans by mBank Hipoteczny.

In 2014, mBank Hipoteczny issued covered bonds for the amount of PLN 1 billion. The Bank anticipates that funding itself through issues of covered bonds will support the Bank's operations in the residential mortgage market on a long-term basis. Furthermore the Bank intends to have a strong deposit base in PLN and EUR to fund to a greater extent its existing portfolio as well as new loan business. The Bank has adopted a systematic approach to balance sheet management in order to improve the structure of its assets and liabilities and to secure a long-term, stable diversified funding base.

Maintain Prudent Risk Management Approach

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

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

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 divides its operations into two principal business segments:

- The Retail Banking segment, which divides its customers into mBank customers and Private Banking customers and which offers a full range of the Bank's banking products and services as well as specialised products offered by a number of subsidiaries belonging to the Retail Banking segment. The key products in this segment include current and savings accounts (including accounts in foreign currencies), term deposits, lending products (retail mortgage loans and non-mortgage loans such as cash loans, car loans, overdrafts, credit cards and other loan products), debit cards, insurance products, investment products, brokerage and leasing services offered to both individual customers and to micro-businesses. The results of the Retail Banking segment include the results of foreign branches of mBank in the Czech Republic and Slovakia.

In 2014, the Retail Banking segment also included the results of mBank Hipoteczny S.A., mWealth Management S.A., Aspiro S.A., BRE Ubezpieczenia TUiR S.A., BRE Ubezpieczenia Sp. z o.o., BRE Agent Ubezpieczeniowy Sp. z o.o., AWL I Sp. z o.o. as well as results of retail segments of mLeasing Sp. z o.o. and Dom Maklerski mBanku S.A.

- The Corporates and Financial Markets segment, which is divided into two sub-segments:
 - (i) Corporate and Investment Banking sub-segment (business line), which targets small, medium and large-sized companies and public sector entities. The key products offered to these customers include transactional banking products and services including current

account products, multi-functional internet banking, tailor-made cash management and trade finance services, term deposits, foreign exchange transactions, a comprehensive offer of short-term financing and investment loans, cross-border credit, project finance, structured and mezzanine finance services, investment banking products including foreign exchange options, forward contracts, interest rate derivatives and commodity swaps and options, structured deposit products with embedded options (interest on structured deposit products are directly linked to the performance of certain underlying financial instruments such as foreign exchange options, interest rate options and stock options), debt origination for corporate clients, treasury bills and bonds, non-government debt, medium-term bonds, buy sell back and sell buy back transactions and repo transactions, as well as leasing, factoring and brokerage services.

In 2014, the Corporate and Investment Banking sub-segment included the results of the following subsidiaries: mFactoring S.A., MLV 45 Sp. z o.o. spółka komandytowa, Transfinance a.s.(the company was sold in January 2015) , Garbary Sp. z o.o., results of corporate segments of mLeasing Sp. z o.o. and Dom Maklerski mBanku S.A.

- (ii) Financial Markets sub-segment (business line) consists primarily of treasury, financial markets, and financial institutions operations, manages the liquidity, interest rate and foreign exchange risks of the Bank, its trading and investment portfolios, and conducts market making in PLN denominated cash and derivative instruments. The Bank also maintains an extensive correspondent banking network and also develops relationships with other banks providing products such as current accounts, overdrafts, stand alone and syndicated loans and loans insured by KUKI to support the Polish export market. This sub-segment also includes the results of mFinance France S.A.

Operations which are not included in the Retail Banking segment and the Corporates and Financial Markets segment are reported under "Other". This segment includes the results of mLocum S.A., mCentrum Operacji Sp. z o.o. and BDH Development Sp. z o.o.

The following table shows the gross profit of the Group's segments according to 2014 reporting structure for the period indicated below.

	Year ended 31 December			
	2014		2013	
	Amount	per cent. of total	Amount	per cent. of total
	(PLN thousands) (audited)		(PLN thousands) (audited)	
Retail Banking	1,063,709	64.4	958,175	63.1
Corporates and Financial Markets	629,433	38.1	542,912	35.8
- Corporate and Investment Banking	499,907	30.3	549,583	36.2
- Financial Markets	129,526	7.8	(6,671)	(0.4)
Other	(40,442)	(2.5)	16,616	1.1
Total	1,652,700	100.0	1,517,703	100.0

Source: Consolidated Financial Statements

Retail Banking

Retail Banking in Poland

Overview

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

As at 31 December 2014, the Group serviced approximately 3.9 million individual retail customers in Poland with gross loans and advances to customers in Poland in the amount of PLN 38.6 billion and amounts due to retail customers of PLN 33.7 billion.

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

mBank Poland

Beginning in 2000, anticipating the development 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".

mBank currently offers a broad range of products and services primarily targeted at young and aspiring professional customers who seek convenience and integrated end-to-end experience in banking services. mBank 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 mBank's products and services and can manage their products online with one integrated transactional internet platform. mBank provides an "Investment Fund Supermarket" and an insurance portal through which customers can manage their investment products and buy insurance products.

Distribution Channels

The Bank uses the omni-channel model in its distribution model. It operates:

- cutting edge online banking;
- modern mobile banking;
- sales-effective call centre; and
- a top quality service, mid-sized physical distribution network.

Internet

The Bank's technologically advanced integrated internet banking platform serves as its primary 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 on-line 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.

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, pension and comprehensive money transfer handling. Where more complex products and services require the execution of a written agreement with the Bank or paper-based documentation (e.g. providing collateral), the Bank's customers can file applications online and execute any required documentation at an outlet of their choice within the Bank's physical distribution network or have the documentation delivered to them via courier.

Mobile banking

The most recent versions of the mobile applications developed for the most popular platforms (iOS, Android and Windows Phone and Windows 8.1), designed from the ground-up and launched in February 2014 as a part of the New mBank project have accelerated the Bank's mobile banking strategy. The convenience and usability of these applications contributed to significant growth of mobile business in mBank, including, for example, the following:

- the share of mobile log-ins to the Bank's digital channels increased from 12 per cent. in January 2014 to 22 per cent. in December 2014;
- an increase of monthly average mobile app downloads from 15,000 in 2013 to 25,000 in 2014 (an increase of more than 70 per cent.); and
- an increase in the number of installed applications from approximately 419,000 as at 31 December 2013 to approximately 732,000 as at 31 December 2014 (an increase of more than 75 per cent.).

mBank's mobile banking had approximately 892,000 users at the end of 2014, which was the highest number among all Polish banks (*source: PRNews.pl/Bankier.pl*).

Telephone Banking

The Group has one call centre in Poland in Łódź (with a back-up location), providing high quality service to the Bank's existing and potential clients. The call 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-attribution and retention campaigns and processes.

Physical Distribution Network

As at 31 December 2014, the Bank's physical retail distribution channel in Poland consisted of the following:

- its organically grown countrywide network of 131 mBank branded outlets (the distribution network of the former MultiBank prior to the Group reorganisation and rebranding), consisting of 71 financial services centres and 60 partner points which are subject to outsourcing agreements with agencies, located across Poland mostly in large and mid-sized Polish cities;
- 23 financial centres managed by Aspiro; and

- 67 mKiosks including 62 own mKiosks located mainly in shopping malls in large Polish cities and 5 Partner mKiosks located on main streets in mid-sized Polish cities (with more than 50,000 residents) as well as in Warsaw.

ATM network

mBank does not operate its own ATM network. In Poland, mBank's customers can use their Visa or MasterCard branded debit cards to access their accounts and withdraw money free of charge at all Euronet, BZ WBK S.A. and Planet Cash networks. If the customers use "all ATMs for free" service, they can withdraw money free of charge at ATM networks of other banks.

Co-operation with Orange Polska

In March 2014, mBank announced a strategic alliance with Orange Polska, Poland's largest telecoms operator and on 2 October 2014 both companies launched Orange Finanse. Orange Finanse offers banking products via a mobile application created for the Android and iOS platforms. The banking products provided by mBank are also available via the transaction website www.OrangeFinanse.com and across approximately 900 Orange outlets. As at 31 December 2014, Orange Finanse had approximately 41,000 customers.

From 1 January 2020 to 31 December 2023, Orange Polska will have the right to exercise a call option with respect to the joint venture, which might lead to a transfer of Orange Polska-related customers to a separate banking entity to be designated by Orange Polska. Alternatively, Orange Polska could require the Bank to pay Orange Polska a close-out fee for terminating the joint venture.

Private Banking and Wealth Management

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

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

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.

As at 31 December 2014, the Group had 4,906 Private Banking and Wealth Management customers.

Products and Services in Poland

Since 2000, the Bank has applied a client-oriented approach based on its modern on-line 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 (including bancassurance products), brokerage services, and leasing for microbusinesses.

The Bank's credit product offering comprises non-mortgage loans (**NML**), mortgage loans (**ML**) and credit products offered to micro-businesses. The Bank offers non-mortgage loans to both internal and external customers in the form of cash loans, car loans, consolidation loans, overdraft facilities and credit cards.

In 2014, the Bank introduced a simplified credit process for existing customers of the Bank (**OneClick**) which allows for the performance of a credit analysis and completion of the credit process in seconds.

The Group offers residential mortgage loans primarily in PLN and EUR. In August 2011, the Bank discontinued offering mortgage loans in CHF. The CHF mortgage portfolio therefore decreases every year due to repayments. At the end of 2014, the Bank's gross CHF mortgage portfolio amounted to CHF 5.4 billion and represented the majority of the total loans to retail customers. One of the strategic goals of the Bank is to refinance mortgages with covered bonds, which will allow for a further increase in mortgage lending. The Bank has generated steady growth in sales of mortgage lending for micro-businesses since 2013. In order to provide the Bank's customers with credit-related support programmes, the Bank signed agreements with leading European financial institutions (such as the European Investment Bank (**EIB**)) and the Polish government. The programmes include de minimis loan guarantees under an agreement with Bank Gospodarstwa Krajowego and the EIB.

On the deposit side, the Bank focuses on savings and current accounts as well as term deposits. Saving accounts offer higher interest rates than current accounts, but there is a limit on free withdrawals per month. Customers interested in regular saving have access to a range of a retirement savings accounts and purpose savings accounts called "mSaver". mSaver is a savings programme with a minimum monthly contribution determined by the customer and/or innovative mechanism that enables money to be saved automatically, where small amounts of money are transferred to the mSaver account from each transaction of the client. Customers who are interested in depositing higher amounts of money can negotiate all the terms of deposit, such as duration and interest rate. To meet more sophisticated clients' needs, the Bank offers a wide variety of structured deposits that combine the features of capital protection until maturity with investment in diverse capital markets.

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. As at 31 December 2014, the number of debit cards issued by the Bank in Poland reached 6.4 million, which represented an increase of 11.7 per cent. year on year. The number of credit cards issued by the Bank stood at 0.8 million as at 31 December 2014, representing an increase of 7.9 per cent. year on year. In 2013, the Bank entered into a strategic co-operation with five leading banks in Poland relating to a joint standard for mobile payments. In November 2014, the National Bank of Poland gave the go-ahead for the launch of "Blik" system, which allows customers to pay with their mobile phones in retail and online stores, as well as to withdraw cash from ATMs and send P2P transfers. "Blik" uses an open standard developed by Polish Payment Standard (**PSP**), a company formed by mBank, Alior Bank, Bank Millennium, Bank Zachodni WBK, ING and PKO Bank Polski and is based on technology originally developed by PKO Bank Polski for its IKO mobile payments service.

mBank's offer includes an open platform of investment funds launched in February 2003 under the name "Investment Funds Supermarket". The platform was refreshed in January 2014 providing customers with new analytical information, as well as information tools enabling them to monitor and make investment decisions more easily. The open platform of investment funds is fully integrated with customer current accounts. As at 31 December 2014, the investment fund assets of the Bank's retail clients in Poland amounted to PLN 5.3 billion.

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

Retail Banking in the Czech Republic and Slovakia (mBank CZSK)

mBank 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).

mBank in the Czech Republic and Slovakia promotes a self-service model, in which customers operate their account via Internet and telephone banking, as the Bank's branches serve mainly as advisory centres for arranging mortgage loans. At the end of 2014 mBank had 26 branches in the Czech Republic and 9 branches in Slovakia.

In February 2014, the new mBank internet platform in the Czech Republic and Slovakia was launched in both countries. Currently, a majority of transactions carried out by clients is carried out on the new platform.

In December 2014, mBank in the Czech Republic and Slovakia launched the mobile banking application mBank CZ 2.0.

mBank CZSK continues to acquire new customers and to improve cross-selling. The number of customers in the Czech Republic and Slovakia grew by approximately 89,000 in 2014. As at 31 December 2014, mBank in the Czech Republic and Slovakia had approximately 762,100 customers (534,200 at mBank CZ and 227,900 at mBank SK).

mBank's foreign operations successfully grew both loan portfolios levels and levels of customer deposits. mBank CZSK's gross loan portfolio increased by 40.8 per cent. for the year ended 31 December 2014 and reached PLN 3.0 billion (PLN 2.3 billion at mBank CZ and PLN 0.7 billion mBank SK). Deposits in the Czech Republic and Slovakia stood at PLN 5.6 billion as at 31 December 2014 (PLN 3.8 billion at mBank CZ and PLN 1.8 billion at mBank SK), which represents an increase of 15.7 per cent. year-on-year.

Services Provided by Bank's Subsidiaries within Retail Banking

mBank Hipoteczny

mBank Hipoteczny is a specialised mortgage bank. Its product and service includes loans to commercial developers, residential developers and local governments as well as mortgage loans to individual retail customers.

As at 31 December 2014, mBank Hipoteczny's gross loan portfolio totalled PLN 5.4 billion compared to PLN 4.1 billion as at 31 December 2013. Since its establishment in 1999, mBank Hipoteczny has continued to be the largest specialised mortgage bank in Poland and the largest issuer of mortgage and public covered bonds on the Polish market as measured by the value of outstanding covered bonds (*source: Bloomberg data*).

As at 31 December 2014, the outstanding value of covered bonds issued by mBank Hipoteczny exceeded PLN 3.0 billion. In 2014 mBank Hipoteczny issued covered bonds for a total amount of PLN 1.0 billion (EUR 120.5 million and PLN 500.0 million).

Aspiro

Aspiro S.A (**Aspiro**), originally founded in July 2005, acts as a distribution agent and financial adviser for banking products and services, including the Bank's products and services. Aspiro enters into distribution agreements with the Bank and other banks and financial institutions operating in the Polish market under which it sells retail banking products through a distribution network which it operates.

As at 31 December 2014, Aspiro offered 53 products (including mortgage loans, cash loans, insurance products, investment products, leasing and factoring) from 27 different financial companies, including mBank products.

mWealth Management

mWealth Management offers customers investing a minimum of PLN 2 million a variety of different investment products and strategies. The company offers standard investment strategies tailored to the risk and investment profile of its customers and also specialised, personalised investment solutions. In cooperation with business partners, customers are also offered tax optimisation and estate planning solutions, as well as investments in property and in alternative assets, e.g. in art (art banking). mWealth Management offers investment solutions for each stage of a client's lifecycle, covering asset growth, protection as well as assets' disposal and succession planning.

As at 31 December 2014, assets under management in mWealth Management stood at PLN 5.1 billion.

Dom Maklerski mBanku

Dom Maklerski mBanku is one of the leading brokerage and investment advisory firms in the Polish market providing a full range of services and products to investors and issuers. The retail platform serves a significant number of retail clients active on the Warsaw Stock Exchange.

As at 31 December 2014, Dom Maklerski mBanku had 294,200 clients serviced through customer service points as well as the internet and mobile trading platforms. In 2014, Dom Maklerski mBanku generated 3.9 per cent. of all stock trades in Poland, 18.1 per cent. of all futures trades and 17.9 per cent. of all options trades on the Warsaw Stock Exchange (*source: Warsaw Stock Exchange data*).

mLeasing

mLeasing focuses mainly on corporate clients. The company also leases movables (mostly passenger cars) for customers of Retail Banking. More information on the company can be found in the section "Corporates and Financial Markets".

BRE Ubezpieczenia TUiR

The core business of the BRE Ubezpieczenia TUiR is personal insurance and property insurance. It also sells bancassurance products via an insurance agent.

On 11 September 2014, Aspiro S.A.- the shareholder of BRE Ubezpieczenia TUiR, concluded an agreement with the AXA Group on the sale of 100 per cent. of Ubezpieczenia TUiR's shares. In November 2014, the President of the Office for Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów) approved the transaction. The sale will be completed after obtaining consent from the KNF which is currently expected to be received by the end of the first quarter of 2015.

Corporates and Financial Markets

The Corporates and Financial Markets segment includes two business lines: Corporate and Investment Banking which is the key area of customer relations and Financial Market Business, which manages liquidity and market risks, as well as client relationships with financial institutions.

Corporate and Investment Banking

Overview

As at 31 December 2014, the Bank serviced 17,787 corporate customers (up by 1,454 corporate clients compared to 31 December 2013).

The Bank divides its Corporate Banking Customers into three sub-groups:

- (a) K1 customers, which are capital groups and large companies with annual revenues exceeding PLN 500 million, the largest public sector entities (including the largest local governments), state funds and since 1 January 2014, non-bank financial institutions (including pension and investment funds, and insurance companies);
- (b) K2 customers, which are medium-sized enterprises with annual revenues of between PLN 30.0 million and PLN 500 million and medium-sized public sector companies (including local governments); and
- (c) K3 customers, which are small and medium-sized enterprises with annual revenues up to PLN 30 million.

The Bank holds a strong position in the corporate banking segment in Poland. According to NBP data as at 31 December 2014, the Bank had a market share of 6.2 per cent. in corporate loans and 8.8 per cent. in corporate deposits.

Distribution Channels

Corporate clients are serviced through 29 corporate branches and 18 corporate offices located in the largest cities throughout Poland. Each corporate client is provided with full relationship banking services by a team of experts dedicated to developing the individual customer's relationship with the Bank and its respective subsidiaries. Each team comprises a client relationship manager responsible for each aspect of the customer relationship, a business analyst and product advisers from key product lines, as well as a risk officer. This business model allows the Group to provide its corporate clients with tailor-made products and services to support their business needs. Factoring and leasing products are also distributed through the channels of the mBank subsidiaries.

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

Products and Services

Transactional Banking

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. The vast majority of the Bank's transactional banking products is available through mBank CompanyNet – an internet-based electronic banking system.

Specialised, tailor-made transactional banking products include advanced liquidity management services (such as cash pooling, consolidation of balances, 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.

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 guaranties, 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 granted in co-operation with BGK, EIB and EU funds which are aimed at supporting SMEs and special types of investments (in compliance with the criteria of various EU programmes and priorities).

Structured finance

The Bank also offers its corporate clients a wide range of structured and specialised financing, including project and asset finance, commercial real estate finance, leverage finance and acquisition finance. The Bank provides all of these finance offerings as either stand-alone or syndicated financing.

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 as well as 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 processes. 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.

In co-operation with Dom Maklerski mBanku, the Bank provides a wide range of brokerage services and financial advice with regard to equity and debt capital markets transactions. In addition to advisory services, the Bank also offers soft underwriting services for the above types of capital markets transactions.

The Bank provides its customers with market risk hedging instruments (FX, IR and commodity pricing derivative instruments). Market risk hedging instruments enable corporate clients to manage their foreign exchange, interest rate and commodity risk through the use of derivative instruments such as interest rate swaps, FX forward, FX and IR swap transactions, FX and IR call and put options, and various option strategies. The Bank's liquidity management and investment products include negotiable term deposits, debt securities and sell/buy-back or repo transactions. Sales of hedging instruments as well as debt securities are conducted by dedicated corporate sales representatives who are located both at the Bank's headquarters in Warsaw and in selected corporate branches.

Since 2012, the Group has increased its focus on FX, derivatives and corporate- and treasury debt securities offering and investment banking product sales model to increase the volume of sales. The Group holds a strong market share in selected investment banking services. As at 31 December 2014, it maintained a market share of 14.8 per cent in treasury bills and bonds, 27.3 per cent. in IRS/FRA contracts, 10.9 per cent. in FX spots and forwards and 13.2 per cent. in corporate bonds (*source: NBP, Fitch Polska S.A., Rating & Rynek*).

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.

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.

Services Provided by Bank's Subsidiaries within Corporates and Institutions

mLeasing

mLeasing offers different types of leasing products to its corporate clients, including the leasing of personal and commercial vehicles, heavy transport vehicles, car fleet management, the leasing of machinery and equipment and the leasing of real estate. According to data from the Polish Leasing Association, as at 31 December 2014, mLeasing's market share in Poland amounted to 7.4 per cent. and the company was ranked third in terms of new sales of lease contracts, with the total value assets leased in 2014 amounting to PLN 3,157 million.

mFactoring

mFactoring offers factoring services including domestic and export recourse and non-recourse factoring and import guarantees. According to the Polish Factors' Association (the **PZF**) the company's market share in 2014 amounted to 7.9 per cent. of the Polish market with the total value of its factoring turnover amounting to PLN 9,045 million.

Dom Maklerski mBanku

Dom Maklerski mBanku offers brokerage services for both corporate and retail customers. The institutional trading desk of Dom Maklerski mBanku provides services to major Polish institutional investors (pension funds, mutual funds and asset management firms) as well as selected international funds. The activities of Dom Maklerski mBanku are presented in the Retail Banking segment.

Financial Markets

Overview

The Bank's Financial Markets sub-segment is divided into the following departments: (i) Treasury Department, (ii) Financial Markets Department, (iii) Financial Markets Sales Department, (iv) Financial Institutions Department, (v) Brokerage Bureau, (vi) Institutional Clients Department (vii) Custody Services Department and (viii) Economic Analyses Department.

Treasury Department

The Treasury Department is responsible for the Bank's liquidity management, asset and liability management (**ALM**) and the interest rate risk management of the banking book. In addition, the Treasury department implements the decisions of the Asset and Liability Committee (**ALCO**), which is composed of certain Management Board members and department heads and is responsible for strategic decisions in relation to the Bank's liquidity which is managed mainly through money market transactions, foreign exchange swaps, interest rate derivatives, the purchase of Treasury bills and bonds and monetary bills of the NBP and repo transactions as well as the issuance of short to long term debt instruments in the local and also foreign debt capital markets. The treasury department together with the Balance Sheet Management department sets internal transfer prices for loans and deposits and manages the interest rate models in the banking book. Furthermore, the treasury department is responsible for the funding activities of the Bank in the domestic and international capital markets.

Financial Markets Department

The main activities of the Financial Markets Department include:

- (a) managing the foreign exchange risk of the Bank, interbank foreign exchange trading (spot and derivatives), interest rate instruments trading (government bonds and bills, interest rate derivatives); and
- (b) trading and sale of non-government debt securities.

Financial Markets Sales Department

The Financial Markets Sales department is responsible for, inter alia:

- (a) direct sales of financial markets products to corporate banking, SME clients and selected Private Banking clients; and
- (b) structuring financial products in the area of foreign exchange, fixed income and commodities as well as development of appropriate systems used in their distribution.

Financial Institutions Department

The Financial Institutions Department is responsible for establishing and maintaining relationships with other banks, providing current accounts, overdrafts and loans, including syndicated loans and loans guaranteed by KUKE (the Export Credit Insurance Corporation) to support the Polish export market. The Financial Institutions Department is also responsible for arranging loans in the interbank market.

Brokerage Bureau

The Brokerage Bureau's responsibilities include:

- (a) listed equity and equity derivatives trading and market making; and
- (b) receiving and transmitting orders for the acquisition or disposal of financial instruments.

Institutional Clients Department

The main activities of the Institutional Clients Department include:

- (a) direct sales of financial markets products to non-banking financial institutions (such as pension funds, mutual funds, asset management companies) and selected Private Banking clients; and
- (b) supervision (by the head of the Department) over the sales of equity products made by and equity research carried out by Dom Maklerski mBanku.

Custody Services Department

The main activities of the Custody Services Department include:

- (a) direct sales of custody services to corporate customers, non-banking financial institutions and selected banks; and
- (b) providing custody services for all types of domestic securities as well as foreign securities; and
- (c) performing depository functions for pension and investment funds.

Economic Analyses Department

The Economic Analyses Department and the Chief Economist of the Bank are responsible for performing and preparing general economic analyses both for the internal purposes of the Bank and for its corporate clients and institutions.

Employees

Employment Structure

The table below presents the number of employees employed (expressed in Full Time Equivalents) by the Bank and the Group as at the indicated dates.

	Number of Employees as at 31 December	
	2014	2013
Bank.....	4,895	4,696
Subsidiaries (consolidated)	1,423	1,377
Total.....	6,318	6,073

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.

Pursuant to the Bank's internal regulations, all the employees are entitled to additional medical services under health care packages.

The Bank enters into two types of non-compete agreements with its Management Board members and its employees for the duration of their employment as well as for a period post-employment.

As at the date of this Base Prospectus, there are no trade unions operating at the Bank.

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

Employees' Involvement in the Bank's Capital

The Bank provides two employee incentive programmes both for members of the management board and employees of the Bank: (i) the employee programme for key management staff of the Group; and (ii) the Incentive Programme for the Management Board members of the Bank. These programmes grant bonds convertible into shares of the Bank. In 2014, the Bank issued 36,044 shares pursuant to these incentive schemes.

IT and Operations

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

As at the date of this Base Prospectus, the Bank has over 370 employees supporting, maintaining and developing the infrastructure and information systems. The Bank possesses an application environment, which allows for effective management of operating costs and enables future developments. The Bank uses more than 150 applications, out of which 80 support the core business of the Bank.

The information technology systems of material importance to the operations of the Bank are: (i) Globus – the Group's central transaction and accounting system for corporate and investment transactions which also serves as the legacy system, (ii) Altamira – a system used in the Retail Banking segment for providing complex services to customers with respect to banking products through access to the database of the Group's products, (iii) HDB – 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 2.6 – which registers all transactions conducted by dealers and presents the transaction data in a form that allows for 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 relation 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. ALGO, SWAM, Collateral and Custody).

Some of the IT systems material to the operations of the Bank and its subsidiaries have been acquired from external suppliers (e.g.: Globus, Altamira, Kondor 2.6, UniFlow, ALGO and Custody) and are utilised and/or further developed (Globus, Altamira and UniFlow) by the Group under standard software licence agreements. The other 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.

	Fitch Polska S.A.	Standard & Poor's Credit Market Services Italy S.r.l.
Long-term rating of deposits/liabilities	A	BBB+
Short-term rating of deposits/liabilities	F1	A-2
Support rating	1	–
Viability rating	bbb-	–
<u>Outlook of long-term rating.....</u>	<u>negative</u>	<u>CreditWatch with negative implications</u>

Source: Fitch Ratings and Standard & Poor's

Standard & Poor's Credit Market Services Italy S.r.l. (S&P) has assigned the long term credit rating BBB+ (CreditWatch with negative implications). Pursuant to S&P's rating definitions, the assigned credit rating of the Bank means the "obligor...has adequate capacity to meet 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". Whereas, the "+" indicates the highest relative standing in that rating

category, "CreditWatch with negative implications" indicates that the credit rating may be lowered after the current review is concluded.¹⁴

S&P has assigned a short term credit rating A-2. 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."

Fitch Polska S.A. (**Fitch**) has assigned the long term credit rating A (negative outlook). Pursuant to Fitch's rating definitions, the assigned credit rating of the Bank denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. Whereas, the "negative outlook" indicates that the credit rating is likely to be downgraded over a one- to two-year period.¹⁵

Fitch has assigned a short term credit rating F1. Pursuant to Fitch's rating definitions, the assigned short term credit rating of the Bank denotes the strongest intrinsic capacity for the timely payment of financial commitments.

Fitch and S&P are established in the European Union and are registered under the CRA Regulation. As such Fitch and S&P 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.

Material Contracts

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

The Group has entered into a number of financing arrangements with the Commerzbank Group comprising bilateral facility agreements (mostly denominated in CHF), CHF denominated subordinated loan agreements, CHF denominated subordinated bonds issued by the Bank to Commerzbank and, in the case of certain other members of the Group as borrowers, funding agreements mostly denominated in EUR and PLN.

The Group believes these transactions constitute typical and routine transactions in the ordinary course of business concluded on market terms.

The above financing arrangements provided by Commerzbank have been used for the general financial requirements of the Bank.

¹⁴ S&P assigns long-term credit ratings on a scale from AAA to D. The ratings from AA to CCC may be modified by the addition of a "+" or "-" to show the relative standing within the major rating categories. S&P may also offer guidance (termed a "credit watch") as to whether a rating is likely to be upgraded (positive), downgraded (negative) or uncertain (neutral). S&P assigns short-term credit ratings for specific issues on a scale from A-1, A-2, A-3, B, C down to D. Within the A-1 category the rating can be designated with a "+".

¹⁵ Fitch assigns long-term credit ratings on a scale from AAA to D. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Fitch may also offer guidance (termed a "rating watch") which indicates that there is a heightened probability of a rating change and the likely direction of such a change. These are designated as "Positive", indicating a potential upgrade, "Negative", for a potential downgrade, or "Evolving", if ratings may be raised, lowered or affirmed. Fitch assigns short-term credit ratings for specific issues on a scale from F1, F2, F3, B, C down to D. Within the F1 category the rating can be designated with a "+".

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

As at 31 December 2014 and 2013 the total outstanding indebtedness (including loans and subordinated liabilities) of the Group to the Commerzbank Group was the equivalent of PLN 14.1 billion and PLN 17.3 billion respectively. The total outstanding short-term indebtedness of the Group to the Commerzbank Group was the equivalent of PLN 3.0 billion as at 31 December 2014 and PLN 3.5 billion as at 31 December 2013.

In addition to the above, as at 31 December 2014, the Group indebtedness (including loans and subordinated liabilities) to banks and other institutions other than Commerzbank was as follows:

- (a) Euro denominated loan agreements with the European Investment Bank: PLN 3.2 billion;
- (b) loan agreements with other banks: PLN 0.1 billion; and
- (c) debt securities issued: PLN 10.3 billion.

See "*Documents incorporated by reference -1(f) notes to the financial statements*" for further details.

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 insurance (**D&O**). Such civil liability insurance is covered by Commerzbank's insurance.

The Bank believes that its insurance coverage is in line with market practice for banks in Poland.

Significant Tangible Assets

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

As at 31 December	
2014	2013
<i>(PLN thousands) (audited)</i>	

Tangible assets including	644,774	672,519
Land	1,335	1,267
Buildings and structures.....	202,454	215,061
Equipment.....	116,923	147,926
Vehicles	225,322	190,017
Other fixed assets ¹	98,740	118,248
Fixed assets under construction ²	72,603	37,033
Total tangible assets	717,377	709,552

Source: Consolidated Financial Statements

¹ Other fixed assets include improvements in outlets of the Bank, furniture, deposit ATMs, night depositories and similar equipment

² Fixed assets under construction included mainly improvements related to work not completed at the year-end, incurred in relation to modernisation of own buildings and air-conditioning.

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

Significant Intangible Assets

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

	As at 31 December	
	2014	2013
	(PLN thousands) (audited)	
Development costs.....	1	382
Goodwill.....	3,532	4,728
Patents, licences and similar assets, including:	361,214	343,802
- computer software.....	269,674	289,606
Other intangible assets.....	6,278	7,067
Intangible assets under development.....	94,601	99,366
Total intangible assets	465,626	455,345

Source: Consolidated Financial Statements

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 also carried out by the Bank and its subsidiaries, Dom Maklerski mBanku, BRE Ubezpieczenia TUiR, mWealth Management and mBank Hipoteczny.

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*). In the course of its business the Group is subject to various inspections, checks, audits and inquiries conducted by different regulatory authorities supervising the financial services sector and other areas of activities of the Group.

Legal, Administrative and Arbitration Proceedings

Introduction

To the best of the Bank's knowledge, as at the date of this Base Prospectus, the Bank and its subsidiaries are party to 483 court cases, in 172 of which it is the plaintiff and in 311 the defendant. To the best of the Bank's knowledge, as at the date of this Base Prospectus, the total value of claims in which the Bank is acting as defendant amounts to some PLN 687.5 million, while the total value of claims brought by the Bank amounts to some PLN 100.3 million. As at the date of this Base Prospectus, the total value of the provisions created against any litigation amounts to PLN 105.9 million.

According to information available to the Bank, as at the date of this Base Prospectus and over the 12 months preceding the date of this Base Prospectus, no administrative, civil, arbitration or criminal proceedings, which could have impacted or recently have impacted the financial position of the Group or its operating results, other than the proceedings described in this Base Prospectus, were pending against the Bank or the Group companies.

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

Proceedings related to foreign exchange derivative transactions

As at the date of this Base Prospectus, the Bank is a party to 19 court proceedings related to foreign exchange derivative transactions (futures transactions, CIRS, foreign exchange options). Of these 19 court proceedings, in four cases the Bank is both the defendant and the plaintiff. The Bank is the defendant in fourteen and the plaintiff in one case. The aggregate value of claims subject to court dispute in these cases amounts to PLN 281.9 million. The highest individual claim is for PLN 100.2 million by Piecexport-Piecbud S.A. (PCX) before the Court of General Jurisdiction.

It is possible that 11 further clients will institute similar claims against the Bank to avoid paying their obligations under derivative contracts entered into with the Bank.

Lawsuit brought by Bank BPH S.A. against Garbary

The Bank is also a party to proceedings brought by Bank BPH S.A. (**BPH**). The claims relate to the creation of Garbary and a contribution in kind made by Pozmeat toward its share capital. BPH has demanded that the contribution in kind be deemed ineffective as it was made to the detriment of creditors. The value of the dispute is PLN 42.9 million. The claim has been subject to a series of appeals. On 24 February 2011, the Court of Appeal made a decision on revoking the ruling and discontinuance of proceedings involving Bank Pekao S.A. (which had entered into the proceedings as successor to BPH) justified by lack of standing to bring the action before the court on the part of Bank Pekao S.A. The case was returned to the court of first instance where it will be continued with the participation of BPH as the claimant. Bank Pekao S.A. filed the last resort appeal against the aforesaid decision with the Supreme Court. On 25 April 2012, the Supreme Court revoked the aforesaid decision of the Court of Appeal and referred the case back. On 9 April 2014 the Court of Appeal changed the ruling of the District Court and considered the activities connected with setting up Garbary company and contribution in kind as ineffective in relation to Bank Pekao S.A. The Bank filed an annulment appeal to the Supreme Court in respect of the above-mentioned judgment.

Lawsuit brought by Bank BPH S.A. against the Bank and Tele-Tech Investment

The Bank, along with Tele-Tech Investment, are currently party to proceedings pending in the Regional Court of Warsaw brought by BPH. Bank Pekao S.A. is presently party to these proceedings as BPH's successor. BPH seeks damages of PLN 34.9 million plus statutory interest for the allegedly illegal sale of all shares in Garbary to Tele-Tech Investment. The Bank requested dismissal of the claim due to the lack of legal grounds for upholding it. Proceedings were suspended and the case was re-examined by the District Court. On 26 January 2011, the court has decided to reinstate proceedings. On 5 June 2012, the court once

again decided to suspend the proceedings until the case filed by BPH against Garbary (as described in "*Lawsuit brought by Bank BPH S.A. against Garbary*") is finally settled.

Claims of former clients of Interbrok

The owners of Interbrok Investment E. Drózdź i Spółka Spółka jawna (**Interbrok**) are facing allegations of fraudulent conduct in their management of Interbrok's operations. Some of Interbrok's clients have accused the Bank, as the custodian of Interbrok's cash accounts, of being an accessory to Interbrok's fraudulent activity. As at the date of this Base Prospectus 170 entities have requested that the Bank enter into settlement negotiations over an aggregate amount of PLN 385,520 thousand. The Bank has received eight statements of claim for damages totalling PLN 800,000 with the reservation that these claims could be extended up to PLN 6 million. As at the date of this Base Prospectus one statement of claim has been dismissed and the judgement is final and valid. The remaining seven have been referred back to the District Court in Warsaw and upon re-examination six have been dismissed. The six plaintiffs have appealed against the verdict, however the appeal has been rejected against one of them and in relation to five plaintiffs the appeal was dismissed under the verdict of the Court of Appeal in Warsaw. The Bank has also received a ninth statement of claim for damages of PLN 275,423,704 together with statutory interests and legal costs. This case is being heard by the court of first instance.

Class action against the Bank

On 4 February 2011, the Bank received a class action brought to the District Court in Łódź on 20 December 2010 by the Municipal Ombudsman who represents a group of retail clients of the Bank.

The Municipal Ombudsman has requested, among other things, a determination on whether the Bank failed to reduce interest rates on loans when it should have. The final members of the class joined the action on 31 March 2012. On 6 September 2012, the Regional Court in Łódź issued a decision on the basis of which the final composition of the class group was approved and the request submitted by the Bank for an order requiring the plaintiff to pay a deposit to secure the costs was rejected. The class consists of 1,247 plaintiffs, and the amount in dispute has reached PLN 5,002,302.

On 3 July 2013, the Regional Court in Łódź announced its judgment allowing the claim in full on the basis that the Bank is liable towards the members of the group for improper execution of the credit agreements concluded with them. On 9 September 2013, the Bank filed an appeal against the aforementioned verdict. Under the sentence of 30 April 2014, the Court of Appeal in Łódź dismissed the appeal of mBank, upholding the decision of the District Court expressed in the appealed verdict. The aforementioned verdict is legally valid; however, after having received its written justification, mBank lodged an annulment appeal to the Supreme Court. The annulment appeal was brought by mBank on 3 October 2014. On 7 October 2014, the Court of Appeal in Łódź suspended the enforceability of the judgement of District Court in Łódź until consideration of Bank's annulment appeal. On 18 February 2015, the Supreme Court received the annulment appeal filed by mBank. The date of the main court hearing has not been set.

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

Court proceedings resulting from the administrative decision of the President of the OCCP regarding the "interchange fee" on transactions with the use of Visa and MasterCard cards

In 2001, the President of the OCCP initiated proceedings against operators of Visa and MasterCard systems and Polish banks issuing Visa and MasterCard credit cards, including the Bank. On 29 December 2006, the OCCP issued a decision ruling that the banks entered into anticompetitive agreements fixing the level of "interchange" fees on transactions with the use of Visa and MasterCard cards. The OCCP ordered the banks to refrain from such agreements and imposed fines on the banks, including a fine on the Bank amounting to PLN 7.7 million.

On 12 November 2008, the Court for Protection of Competition and Consumers (*Sąd Ochrony Konkurencji i Konsumentów*, the **Antimonopoly Court**) overruled the OCCP's decision. On 22 April 2010 the Appellate Court repealed the judgment of the Antimonopoly Court and referred the case back to the Antimonopoly Court for re-examination.

On 21 November 2013 the Antimonopoly Court determined its verdict, the result of which is to reduce the fines imposed on the banks by the OCCP. In the case of the Bank, the fine has been reduced from approximately PLN 7.7 million to approximately PLN 1 million. The proceedings are pending.

Proceedings instituted by the OCCP regarding violation of collective consumer interests

In August 2010, the OCCP imposed a fine of PLN 1,179,509 on the Bank for violating the disclosure requirements concerning the RRSO (real annual interest rate) in retail banking advertisements. At the same time, the OCCP also required the Bank to make public disclosure of the fine in the Polish media. The Bank appealed the OCCP's decision on the basis that this disclosure requirement was disproportionate to the low level of the fine imposed. On 15 October 2012, the Antimonopoly Court repealed the OCCP's decision and returned the case back to the OCCP for reconsideration.

On 28 December 2012, the OCCP imposed a fine of PLN 14,793,704 on the Bank for using individual pension account template agreements which were contrary to the Banking Law. On 11 January 2013, the Bank appealed to the District Court in Warsaw, requesting that the decision be overruled in whole due to an infringement by the OCCP of the Polish Code of Civil Procedure and the Act on Competition and Consumer Protection. The proceeding is pending.

Intellectual Property

As at the date of this Base Prospectus, the Group holds protection rights to over 190 trademarks registered in the territory of Poland. Furthermore, the Group has applied for the registration in the territory of Poland of over 90 additional trademarks. 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.

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

Website Domains

The Group maintains over 300 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 2014 Consolidated Financial Statements.

Overview

The Group's risk management system is a crucial component of the overall management of its activities and is designed to (i) identify and assess the various risks associated with the activities of each of the Group's individual business lines and the Group as a whole, (ii) control and mitigate such risks, (iii) ensure that the Group's activities comply with regulatory requirements and (iv) optimise the use of the Group's economic and regulatory capital.

The underlying principle of risk management is to optimise the allocation of the Group's available resources, being the available funding base, its own capital, and its ability to generate current profits to fund the achievement of the pursued business goals, while ensuring liquidity and adequate capitalisation. The risk management addresses all the risk types relevant for the Group. In co-operation with Group subsidiaries, the Bank identifies and assesses all the risk types relevant from the point of view of the scale and scope of the Group's operations. For this purpose, the principles laid down in the document entitled "Internal Capital Adequacy Assessment Process (ICAAP) in the mBank S.A. Group" are applied. Those measures result in estimation of capital necessary to cover risk.

The risk management process takes place at every level of the Bank's operations: from individual business units, through specialised units responsible for 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.

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. In the process of risk identification, assessment and mitigation, the Group applies modern methodologies in accordance with regulatory standards i.e. the AIRB approach. Such methods, as well as the IT systems used in the risk management process, are constantly reviewed and updated as necessary.

Risk appetite is defined within the mBank 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 going concern scenario (beyond the inherent existential risks). Risk appetite resulting from the available capital and funding base is the starting point in the Bank's risk management, and thus impacts the budgeting process and the capital allocation process.

Internal Organisation

According to the Group's Strategy 2012-2016 "One Bank for Clients and Employees", approved by the Management Board and the Supervisory Board, the Bank has modernised the Risk Management organisational structure in order to reflect a client-centric approach and integrated responsibility for all risks.

The function of management at the strategic level and the function of control of credit, market, liquidity and non-financial risks and risk of models used to quantify the aforesaid risk types are performed in the Risk Area supervised by the Chief Risk Officer.

The Group's risk management concept is based on three lines of defence:

- (a) Underlying responsibility of Business for risk – risk management in Business operations;
- (b) Responsibility of the Risk Area – defining processes, providing substantive support, making business decisions, as well as measuring, mitigating, monitoring and reporting the Group's risks. This line of defence ensures independent supervision of the "underlying responsibility of the Bank for risk"; and
- (c) Role of the internal audit function – defined as providing independent assessment of Business and Risk.

Authorities of the Bank:

- **Supervisory Board**, through its **Risk Committee**, exercises constant supervision of the Bank's operations in the risk taking area, which includes approving the Risk Management Strategy and supervising its execution.
- **Management Board of the Bank** develops the Risk Management Strategy and is responsible for establishing and implementing the principles of managing individual risk types and for their coherence with the Risk Management Strategy. Moreover, the Management Board defines the organisational structure of the Bank, ensuring the separation of roles, and allocates the tasks and responsibility to individual units.
- **Directors of the Bank:**

The Chief Risk Officer as a Board Member, is responsible for organising, developing and implementing the process of identifying, measuring, monitoring and controlling credit risk, market risk, operational risk and liquidity risk in the Group.

Committees

- (a) **Retail Banking Risk Committee**
- (b) **Corporate and Investment Banking Risk Committee**
- (c) **Financial Markets Risk Committee**

In particular, the committees listed above perform the following tasks:

- taking decisions and making recommendations concerning:
 - rules for managing the risk of products offered or planned to be offered by business lines and particular client segments;
 - risk appetite of business lines, the definitions and the risk limits levels in relation to the activities of the business line;
- setting priorities and directions of changes in the organisation of the processes and tools for risk assessment;
- based on the provided reports and information, the assessment of:
 - the quality and efficiency of transaction portfolios or customer segments;
 - the operational risk and other non-financial risks and approving / initiating the recovery plans;

- the quality of the data used to assess the risk and to calculate the capital requirement;
- the early risk symptoms and approving / initiating remedial actions.

Taking into account the external regulatory limitations, the above tasks are performed also in relation to the subsidiaries.

- (d) **Assets and Liabilities Committee (ALCO)** of the Group is responsible, in particular, for developing the Bank's strategy on the structure of assets and liabilities, obligations, and off-balance sheet items, with the aim of optimizing funds allocation.
- (e) **Capital Management Committee** is responsible, in particular, for managing capital, which includes also issuing recommendations for the Management Board of the Bank on measures in respect of capital management, capital level and structure, and on increasing the effectiveness of capital utilisation, and recommendations on the Bank's internal procedures related to capital management and capital planning.
- (f) **Data Quality and IT Systems Development Committee** is responsible for the tasks and decision making process in the scope of principles and structure of operation of the data quality management system, approving operational standards of data management, assessing the effectiveness of the data quality management system, initiating actions aimed at improving data quality at the Bank, in particular, taking into account the needs related with calculating the regulatory capital requirements of the Bank under the AIRB approach.
- (g) **Credit Committee of the Bank's Management Board (KKZB)** is responsible, in particular, for:
 - making credit decisions concerning companies in accordance with the decision-making matrix, depending on the rating and amount of exposure;
 - making decisions on debt conversion into shares, stocks etc.;
 - making decisions on taking over properties in return for debts;
 - making any other decisions going beyond the jurisdiction of the lower-level decision-making authorities.
- (h) **Credit Committee of the Retail Banking (KKD)** is responsible, in particular, for:
 - making individual credit decisions concerning retail clients in the case when the total exposure to such a client, the transaction amount or the AIRB approach risk parameters (PD/LGD/EL) defined for the client/transaction reach a specified threshold set for this decision-making level; and
 - making decisions on granting decision-making powers to individual employees of the Bank, or on changing or revoking those powers.

Risk Area Units

The chart below presents the organisational structure of the Risk Area.



The roles played by particular units in the process of identifying, measuring, monitoring and controlling risk, which also includes assessing individual credit risk posed by clients and establishing the client selection rules, have been strictly defined. Within the scope of their powers, the units develop methodologies and systems supporting the aforesaid areas. Furthermore, the risk control units also report on risk and support the major authorities of the Bank.

Risk 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 area departments that monitor and control quantifiable risks submit independent risk reports to the Vice-President of the Management Board – the Chief Risk Officer and to the appropriate committees of the Bank's Management Board.

The Supervisory Board, the Risk Committee of the Supervisory Board, the Management Board receive on a quarterly basis comprehensive Risk and Capital Monitor reports from the Integrated Risk and Capital Management Department. The risk report covers credit, market, liquidity and operational risk, capital adequacy of the Group. Moreover this report covers also 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 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.

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 also 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 on-going trend of increasing concentration in the hands of a few large banking groups

According to the KNF, as at 31 December 2014, there were 38 commercial banks in Poland, 28 branches of credit institutions 565 relatively small co-operative banks.

The current shareholders' structure of Polish commercial banks continues to be characterised by the high capital involvement of foreign investors, although in 2014, after the acquisition of Nordea Bank Polska by PKO Bank Polski, the share of banking assets under foreign control decreased slightly. As at 30 September 2014 nearly 60 per cent. of the banking assets in the country belonged to foreign-owned banking groups. (Source: KNF data).

The level of competition in the Polish banking sector is relatively high due to its low level of concentration. According to the KNF data as at 31 December 2014, the share of top 5 banks in total banking assets stood at 48.5 per cent., while their share in deposits amounted to 54.9 per cent.

Among the other factors having an impact on competition is a consolidation trend in recent years: e.g. the purchase of Bank Zachodni WBK by the Santander Group in 2011, the purchase of Allianz Bank Polska by Getin Noble Bank in 2011, the sale of Polbank EFG by EFG Eurobank Ergasias to Raiffeisen Bank International in 2011, the merger of Bank Zachodni WBK and Kredyt Bank registered in 2013, the acquisition of Dexia Kommunalkredit Polska by Getin Noble Bank in 2013, the acquisition of the retail operations of DnB Nord Polska by Getin Noble Bank in 2013, the acquisition of Bank Gospodarki Żywnościowej by BNP Paribas in 2013, the acquisition of Nordea Bank Polska by PKO BP completed in 2014, the acquisition of Santander Consumer Bank by Bank Zachodni WBK completed in 2014, the acquisition of Meritum Bank by Alior Bank in 2014 and the merger of Bank Gospodarki Żywnościowej with BNP Paribas Bank Polska announced in 2014. In February 2015, Raiffeisen Bank International announced a plan to sell its operations in Poland.

Alternative distribution channels, in particular internet banking and mobile banking, have been becoming of increasing importance in Poland. Moreover, new products, such as markets for financial advisory services, wealth management, insurance products and various investment funds in Poland have seen significant growth and are likely to be a significant driver for profitability in the future.

The restructuring plans conducted by some banks (for example, Citi Handlowy and BPH) involve redundancies and closures of selected branches. These restructurings underline the difficulties that smaller operators face in an increasingly competitive retail segment. With the growing trend of e-banking, other banks may also decide to restructure their branch network.

Financial Situation of the Polish Banking Sector

The financial condition of the Polish banking sector remained strong in 2014. According to KNF data, the banking sector's net profit generated between January and December 2014 increased by 7.0 per cent. year-on-year. Better financial performance was driven by increased income from banking operations and slightly lower operating expenses. Net impairment losses on loans and advances were higher than in the previous year. Increased earnings were driven by net interest income, while a decline was recorded in net fee and commission income and in net income from other banking operations. After a temporary slowdown at the end of 2013, loan growth accelerated in 2014 supported by low interest rates, improving business climate and regulatory changes. The quality of the loan portfolio remained stable. The level of non-performing loans (**NPL**) to the non-financial sector increased marginally, while the NPL ratio decreased from 8.5 per cent at 31 December 2013 to 8.1 per cent. as at 31 December 2014. (*Source: KNF data*). An increased loan growth in 2014 was accompanied by a growth of deposit base driven by a general increase in household income and corporate revenues.

The banks in Poland are well-capitalised. The average total capital ratio compliant with CRD IV/CRR approach as at 30 September 2014 stood at 14.9 per cent. and Common Equity Tier 1 capital ratio (**CET1**) reached 13.7 per cent. (*Source: KNF data*).

In October 2014, the KNF published the results of the advanced asset quality review (**AQR**) with reference date of 31 December 2013 conducted in accordance with the European Central Bank's (**ECB**) methodology and stress tests results of fifteen major banks from Poland, covering 72 per cent. of banking sector assets or 79 per cent. of commercial banking sector assets. The analysis confirmed that the banking sector in Poland is stable, safe and reliable and shows resilience to shocks reflected in the scale of surplus capital. The absolute majority of examined banks significantly exceeded the expected levels of CET1 ratio, both for AQR and stress tests (in baseline and adverse scenarios). CET1 ratios fell slightly below the required levels for only two banks, but the overall theoretical capital shortfall was marginal and accounted for 0.35 per cent. of the sector's Common Equity Tier 1. In both cases actions resulting in raising CET1 were already taken after the reference date. The results of the AQR and the stress tests showed that mBank's capital adequacy has significantly exceeded the required benchmark set out for this exercise. According to the results announced by the KNF, under stress tests, mBank's CET1 amounted to 11.08 per cent. in adverse stress scenario and

12.41 per cent. under the baseline scenario. The minimum level of CET1 for the baseline scenario in 2014-2016 was set at 8 per cent. and for the adverse scenario at 5.5 per cent.

In 2015, the Polish banking sector is likely to be impacted by various factors. On the one hand a solid economy combined with record-low interest rates will create favourable conditions for the improvement of borrowers' financial position and may lead to an increase of demand for loans and other banking services. On the other hand negative pressure will be exerted by low interest rates and unfavourable regulatory changes, in particular cuts of interchange fees and a higher contribution to Bank Guarantee Fund. Additionally, there are also external risks, of which geopolitical risk (such as the political crisis in Ukraine) seems to be most acute.

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 bank's activities with the appropriate regulations; and
- (e) monitoring and controlling the bank's compliance with the exposure concentration limits and standards for the risk acceptable in banks' operations as determined by KNF.

The KNF has wide powers and legal instruments which enable it to carry out supervision over banks (including the possibility to conduct inspections).

Other Supervisory Authorities

Some areas of banking operations are subject to the supervision of other public administration authorities, the most important of which are as follows:

- (a) the President of the Office for Protection of Competition and Consumers with respect to protecting market competition and consumers' collective rights;
- (b) the General Inspector for Personal Data Protection with respect to collecting, processing, managing and protecting personal data; and
- (c) the minister responsible for financial institutions (the **Minister of Finance**) and the General Inspector for Financial Information with respect to the prevention of money laundering and financing of terrorism.

Bank Guarantee Fund

The Bank Guarantee Fund 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 Bank Guarantee Fund 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 Bank Guarantee Fund 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, investment and pension funds are not covered by the guarantee system.

Bank privileges

Based on the provisions of the Banking Law, banks were granted several privileges enabling them, among other things, to secure and claim their fees. The most important of these are (i) the "bank deductions privilege" providing a simplified procedure for securing bank receivables in the event of a debtor's insolvency; (ii) the "securitisation privilege" allowing for the securitisation of bank receivables and consisting of a bank's entitlement to transfer its receivables to another entity the purpose of which is to issue securities collateralised by such receivables; and (iii) the "bank execution title privilege" enabling the bank to enforce its receivables from its customer's assets without the need of any previous court proceedings, provided that the bank has obtained a written statement from such customer agreeing to submission to enforcement and that the court has granted an enforcement stamp on the execution title issued by the bank.

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.

The maximum interest rates which may be charged by a bank under a loan agreement are equal to four times the NBP Lombard credit rate (the repo rate at which the NBP agrees to lend to banks).

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 which such data relates to should have the right to access all of their personal data and to correct it.

DESCRIPTION OF THE ISSUER

Incorporation

The Issuer, mFinance France S.A., was incorporated with limited liability under the laws of France on 21 July 2003 as a *société anonyme*.

The Issuer is registered with the commercial registry (*Registre de Commerce et des Sociétés*) of Nanterre, France with registration number 449 370 584. The Issuer has no other entry number.

The registered office of the Issuer is 23, rue de la Paix – 3 Place de l'Opéra, 75002 Paris, France. The telephone number of the Issuer is +48 (22) 829 00 00.

Business Activity

The Issuer has not engaged, since its incorporation, in any material activities other than those relating to the raising of funds through the capital markets. The Issuer's objects and purposes can be found in article 2 of its *statuts*. The Issuer has a duration of 99 years under article 5 of its *statuts*.

On 12 October 2012, the Issuer issued EUR 500 million of unsubordinated fixed rate notes due 12 October 2015. On 8 October 2013, the Issuer issued CHF 200 million of unsubordinated fixed rate notes due 8 October 2018 and on 6 December 2013 the Issuer issued CZK 500 million of unsubordinated fixed rate notes due 6 December 2018. On 1 April 2014, the Issuer issued EUR 500 million of unsubordinated fixed rate notes due 1 April 2019 and on 26 November 2014 the Issuer issued EUR 500 million of unsubordinated fixed rate notes due 26 November 2021.

As at the date of this Base Prospectus, the Issuer has not undertaken any further issues of debt instruments.

There are no recent significant events to report.

Principal markets

The main object of the Issuer is to carry out, directly or indirectly, both in France and abroad, either on its own account or for the account of third parties or in agreement with third parties, the activity of financing and cash management for the purposes of the development and the needs of the Group, in accordance with applicable laws.

In pursuance of this object, the principal activity of the Issuer involves issuing and offering debt securities to a broad investor base in the following principal markets: Austria, Germany, The Netherlands, Luxembourg, Poland, Switzerland and the United Kingdom.

In view of the limited activity of the Issuer, it does not have a competitive position as of itself. Its competitive position must be considered by reference that of the Group, as to which see "*Description of the Group*".

Directors

The Board of Directors of the Issuer includes:

Name	Position
Oliver Koepke	Chairman and Managing Director
Marcin Zając	Director

Marie-Claire Ouziel

Director

Oliver Koepke and Marcin Zajac are employees of the Bank and Marie-Claire Ouziel is the employee of Commerzbank AG.

Except for Oliver Koepke, who sits on the Supervisory Board of mLeasing, the members of the Board of Directors do not hold any Management Board or Supervisory Board positions in any other company.

As at the date of this Base Prospectus, the Issuer is not aware of any conflicts of interest relating to responsibilities of members of the Board of Directors of the Issuer and their private interests or other duties.

Board Practices

In order to comply with the requirements of French law, the Issuer attributed the powers of the audit committee to the Board of Directors.

The Issuer complies with the corporate governance regime applicable in France.

Capitalisation and major shareholders

The fully paid share capital of the Issuer is EUR 225,000, consisting of 22,500 shares of EUR 10 par value each, all of which have been issued and are fully paid up. The Issuer is a directly owned 99.97 per cent. subsidiary of the Bank. As a result the Bank directly controls the Issuer.

There are a number of provisions set out in the relevant French legal framework applicable to the Issuer aimed at preventing the abuse of control over the Issuer by its major shareholder the Bank. For a description in turn of the control exercised over the Bank by Commerzbank and the mechanisms to prevent abuse of such control, see "*Control of Commerzbank over the Bank*" and "*Mechanisms Preventing the Abuse of Control*".

The Issuer has no subsidiaries.

Material contracts

At the date of this Base Prospectus, the Issuer had not entered into any material contracts other than in the course of its business save for the deposit agreements (*umowa kaucji*) entered into on 4 October 2012, 25 September 2013, 22 November 2013, 23 March 2014 and 20 November 2014 by and between the Issuer and the Guarantor establishing a deposit (*kaucja*). Additionally, on or before the first Issue Date, the Issuer and the Guarantor will enter into a deposit agreement (*umowa kaucji*) establishing a deposit (*kaucja*), which will be used by the Guarantor for general corporate purposes.

Financial statements

The financial year of the Issuer is the calendar year. Since its incorporation, the Issuer has not engaged in any material activities other than those relating to the raising of funds through the capital markets. The financial statements of the Issuer for the year ended 31 December 2014 have been audited and submitted for approval by the Ordinary General Meeting of its shareholders. For selected financial information of the Issuer, see "*Selected Financial Information of the Issuer*".

The business address of all the members of the Board of Directors is 23, rue de la Paix – 3, Place de l'Opéra, 75002 Paris, France.

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. Senatorska 18, 00-950 Warsaw
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:	5260215088

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 having jurisdiction over the Bank is the District Court for the capital city of Warsaw, 12th Business Department of the National Court Register.

The Bank was established for an unspecified period.

Legal Regulations Concerning the Bank's Operations

The Bank operates in accordance with the KSH, the Banking Law and other regulations relating to commercial companies and entities engaged in banking operations.

The basic regulation determining the organisation and manner of operations of the Bank are the Bank's Articles of Association.

The Bank's Business Purpose Specified in the Articles of Association

In accordance with paragraph 5 of the Articles of Association, the Bank's business purpose is to provide banking services, consulting and advisory services in financial matters, and to engage in economic activities within the scope defined in Article § 6 of the Statute.

Major Shareholders

As at the date of this Base Prospectus, the share capital of the Bank comprised 42,210,157 shares, including (a) 42,192,157 ordinary bearer shares listed on the main market of the Warsaw Stock Exchange, and (b) 17,500 registered dematerialised shares which are not listed on the main market of the Warsaw Stock Exchange.

There are no preferences attached to shares and each share entitles the holder to a right to one vote at the General Shareholders' Meeting.

In the past five years the Bank's new shares were issued under: (i) a share capital increase (carried out by a way of a rights issue) registered on 16 July 2010 (12,371,200 shares with a total nominal value of PLN 49,484,800) and (ii) several conditional share capital increases in connection with two management option programmes: the motivation programme for the members of the Management Board of the Bank based on the resolution No. 21 of the 21st Ordinary General Meeting of the Bank of 14 March 2008 (on the issuance of bonds with pre-emptive rights to acquire shares of the Bank and the conditional increase of share capital by the issuance of shares with no subscription rights for the existing shareholders in order to enable beneficiaries of the long-term incentive programme to take up shares in the Bank, on application for admission of the shares to trading on the regulated market and on dematerialisation of the shares) and the motivation programme for the key employees of the Group based on resolutions No. 2 and 3 of the Extraordinary General Meeting of 27 October 2008.

In 2014, the Bank's share capital increased by PLN 144,176 as a result of the issuances related to the motivation programmes as well as the registration of the shares by the National Depository for Securities (*Krajowy Depozyt Papierów Wartościowych*, the **KDPW**). The last registration was made on 26 January 2015 (100 shares). Currently the Bank's share capital is PLN 168,840,628 and is divided into 42,210,157 ordinary bearer shares and ordinary registered shares with a nominal value of PLN 4 each.

Given the Bank's status as a public company within the meaning of the Public Offering Act and the fact that the majority of the shares of the Bank are listed on the regulated main market operated by the Warsaw Stock Exchange, the Bank does not have detailed information on all of its shareholders.

Apart from the information resulting from the content of the Bank's share register (maintained for 17,500 registered shares of the Bank), the Bank has information on its shareholders based on notifications provided to the Bank under Article 69 of the Public Offering Act.

As at the date of this Base Prospectus, Commerzbank was the Bank's majority shareholder, holding 29,352,897 shares representing 69.54 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*".

As at the date of this Base Prospectus, two shareholders exceeded the five per cent. threshold of shares and votes at the General Meeting, which requires disclosure of holdings: Commerzbank AG and ING Otwarty Fundusz Emerytalny.

The table below sets out information on the shareholding structure of the Bank as at the date of this Base Prospectus:

	<u>Number of shares</u>	<u>Per cent. of voting rights at the General Shareholders' Meeting</u>
Commerzbank AG.....	29,352,897	69.54 per cent.
ING Otworthy Fundusz Emerytalny	2,130,699	5.05 per cent.
Other shareholders.....	10,726,561	25.41 per cent.
Total.....	42,210,157	100.00 per cent.

Control of Commerzbank over the Bank

Nature of Control

Commerzbank as a holder of the majority of voting rights at the General Shareholders' Meeting of the Bank, can execute decisive influence on the resolutions adopted by this body, and in particular on the resolutions on key issues relating to the Bank's organisation and operations, including: (a) the appropriation of the profit/offsetting of losses incurred by the Bank, (b) the approval of the due performance of their duties by the Bank's bodies, (c) the appointments and dismissals of the members of the Supervisory Board, (d) the amendments of the Articles of Association, (e) the increases and decreases in the share capital of the Bank, (f) the redemption of shares, (g) the utilisation of the supplementary capital and other reserves by the Bank, (h) the issue of convertible bonds or bonds with a pre-emptive right, (i) the determination of remuneration rules for the Supervisory Board members, and (j) the Bank's liquidation, merger, demerger or transformation. Since Management Board members are appointed and dismissed by the Supervisory Board, Commerzbank by having a decisive influence on the composition of the Supervisory Board, can also directly influence the composition of the Management Board. At the date of this Base Prospectus, no other entity 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

As of 31 December 2014, Commerzbank was the second largest bank in Germany in terms of total assets. At present it has approximately 1,100 branches, one of the most extensive branch networks of all private German banks, serving customers from every customer group. The focus of its activities is on the provision of a wide range of financial services to private, small and medium-sized corporate and institutional customers in Germany, including account administration, payment transactions, lending, savings and investment products, securities services, and capital market and investment banking products and services. As part of its comprehensive financial services strategy, the Group also offers other financial services in association with cooperation partners, particularly building savings loans, asset management and insurance. Alongside its business in Germany, the Commerzbank Group is also active through its subsidiaries, branches and investments, particularly in Europe. The focus of its international activities lies in Poland and on the goal of providing comprehensive services to German SME customers in Western Europe, Central and Eastern Europe and Asia.

In 2014, it generated gross revenues of more than EUR 9 billion with an average of approximately 52,000 employees. The German State is the largest shareholder of Commerzbank (holding approximately 17 per cent. of shares).

In accordance with the declaration of the Management Board of Commerzbank, mBank remains Commerzbank's most important subsidiary in Central and Eastern Europe.

Under a strategic agreement signed in 1994, mBank has received several capital injections from Commerzbank, the last of which in 2010 totalling approximately PLN 1.4 billion as Commerzbank acquired approximately 70.0 per cent. of new issue of shares during mBank's capital increase. mBank has received subordinated loans in CHF, which at the end of 2014 stood at CHF 810 million. These were equivalent of approximately PLN 2.9 billion at the end of 2014 and in addition, the Bank has used funding from Commerzbank. As at 31 December 2014 and 2013 the total outstanding indebtedness of the Group to the Commerzbank Group excluding subordinated debt was the equivalent of PLN 11.2 billion and PLN 14.1 billion respectively. The total outstanding short-term indebtedness (up to one year excluding derivative instruments) of the Group to the Commerzbank Group was the equivalent of PLN 3.0 billion as at 31 December 2014 and PLN 3.5 billion as at 31 December 2013.

A technical co-operation agreement gives mBank access to the network of Commerzbank and its correspondent banks around the world. In addition, Commerzbank offers its know-how to mBank under separate agreements, enabling co-operation in many areas e.g. co-operation in serving international clients (including Commerzbank clients), compliance and money laundering prevention or shared reporting systems in accounting and controlling. In the key area of Risk control the co-operation concerns especially the exchange of experiences regarding the implementation of new European regulations.

Within the basic agreement on methodologies between mBank and Commerzbank, mBank is fully responsible and ensures decisions independence in all Risk Management areas, especially in credit operations.

mBank also participates in the Commerzbank Group multi-year-planning system.

The Group

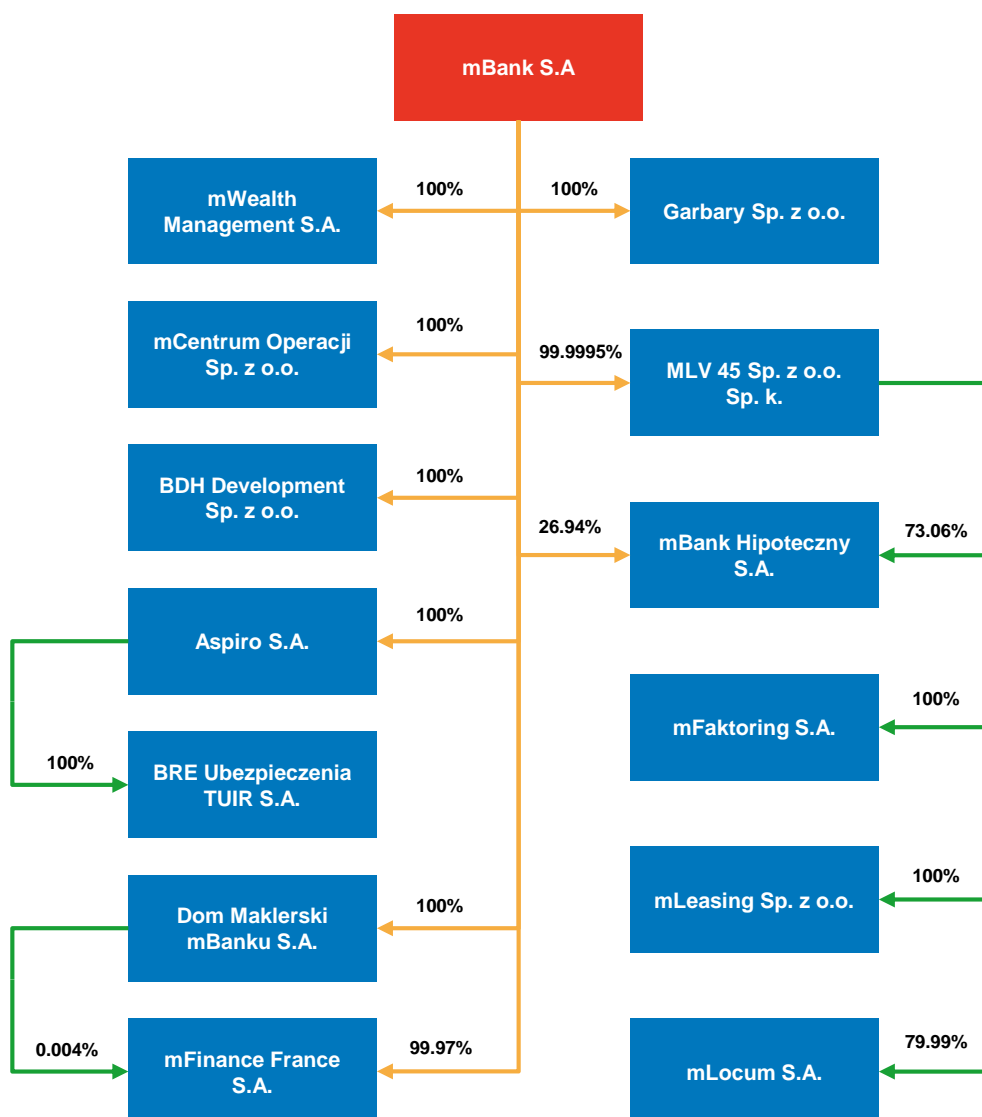
General Information

The Group comprises entities controlled by the Bank and which, in respect of the Bank, are of the following nature:

- (a) strategic: in respect of entities supporting the Bank's particular segments (Corporates and Financial Markets, and Retail), which were established or acquired to expand the Bank's offer in respect of its customers;
- (b) other: in respect of related companies acquired for debt, as a result of conciliatory agreements and composition arrangements with debtors made in order to recover a part or all the amounts due in respect of loans, and companies under liquidation or bankruptcy proceedings.

The diagram below shows the structure of the Group as at the date of this Base Prospectus.

The Bank's Material Subsidiaries



Introduction

General information on the Bank's material subsidiaries is presented below. All material subsidiaries referred to below were included in the 2014 Consolidated Financial Statements. Unless otherwise stated, the Bank holds, directly and indirectly, 100 per cent. of the share capital of each subsidiary which entitles it to exercise 100 per cent. of the voting rights of the General Shareholders Meetings of the subsidiary.

Aspiro

Principal information:

Name and legal form: Aspiro S.A. (joint-stock company)
 Registered office and address: Aleja Piłsudskiego 3, 90-368 Łódź
 Share capital: PLN 115,245,000
 Core activities: sales of credit products

BDH Development

Principal information:

Name and legal form: BDH Development Sp. z o.o. (limited liability company)
Registered office and address: Piotrkowska 173/515, 90-447 Łódź
Share capital: PLN 30,065,000
Core activities: carrying out and completing construction projects connected with the real estate taken over by the Group subsidiaries in the process of restructuring and investment debt collection with the aim of the most effective recovery of their value

Garbary

Principal information:

Name and legal form: Garbary Sp. z o.o. (limited liability company)
Registered office and address: ul. Garbary 101/111, 61-757 Poznań
Share capital: PLN 60,176,000
Core activities: administering real estate consisting of land located at ul. Garbary 101/111 in Poznań

mBank Hipoteczny

Principal information:

Name and legal form: mBank Hipoteczny S.A. (joint-stock company)
Registered office and address: Aleja Armii Ludowej 26, 00-609 Warsaw
Share capital: PLN 285,000,000
Core activities: granting mortgage loans to finance commercial property, residential real estate, development projects and projects for local authorities, and issuing mortgage and public bonds

mCentrum Operacji

Principal information:

Name and legal form: mCentrum Operacji (formerly Centrum Rozliczeń i Informacji CERI Sp. z o.o. (limited liability company)
Registered office and address: ul. Piotrkowska 22, 95-070 Aleksandrów Łódzki
Share capital: PLN 26,539,000
Core activities: providing services in respect of settlement and servicing databases, and electronic archives, traditional archives and entering data

Dom Maklerski mBanku (mDom Maklerski)

Principal information:

Name and legal form: Dom Maklerski mBanku S.A. (joint-stock company)
Registered office and address: ul. Wspólna 47/49, 00-684 Warsaw
Share capital: PLN 26,719,000
Core activities: providing all services related to trading in securities, property rights which are not securities and other financial instruments on the capital market

mFaktoring

Principal information:

Name and legal form: mFactoring S.A. (formerly Polfactor S.A.) (joint-stock company)
Registered office and address: ul. Królewska 14, 00-065 Warsaw
Share capital: PLN 11,505,000
Core activities: factoring activities

mFinance France

The Bank holds directly and indirectly shares representing 99.98 per cent. of the share capital of mFinance France, which entitles it to exercise 99.98 per cent. of the total number of voting rights at the General Shareholders' Meeting of this Company.

Principal information:

Name and legal form: mFinance France S.A.
Registered office and address: 23, rue de la Paix – 3, Place de l'Opéra, 75002 Paris, France
Share capital: EUR 225,000
Core activities: the Issuer; special purpose entity whose purpose is to raise funds for the Bank through the issuance of debt securities on international financial markets

mLeasing

Principal information:

Name and legal form: mLeasing Sp.z.o.o. (limited liability company)
Registered office and address: ul. Ks. I. Skorupki 5, 00-963 Warsaw
Share capital: PLN 6,121,500
Core activities: acquiring, renting, leasing real estate, acquiring, creating, renting and leasing all types of plots of land, buildings and facilities

mLocum

The Bank holds, indirectly via its subsidiary MLV 45 Sp.z o.o. Sp. K., shares representing 79.99 per cent. of the share capital of mLocum, which entitles it to exercise 79.99 per cent. of the voting rights at the General Shareholders' Meeting of this Company.

Principal information:

Name and legal form: mLocum S.A. (joint-stock company)
Registered office and address: ul. Piotrkowska 173/515, 90-447 Łódź
Share capital: PLN 27,688,000
Core activities: investing in real estate, managing real estate and respective advisory services

MLV 45 Sp. z o.o. Sp. K.

Principal information:

Name and legal form: MLV 45 Sp. z o.o. Sp. K.
Registered office and address: Senatorska 18, 00-950 Warszawa
Share capital: PLN 106,900,000
Core activities: special purpose entity, financial activities, it holds 75.71 per cent. shares in mBank Hipoteczny S.A., 79.99 per cent. shares in mLocum S.A., 100 per cent. shares in mFactoring S.A. and 100 per cent. shares in mLeasing Sp. z o.o.

mWealth Management

Principal information:

Name and legal form: mWealth Management S.A. (joint-stock company)
Registered office and address: ul. Królewska 14, 00-065 Warsaw
Share capital: PLN 2,241,500
Core activities: managing portfolios of securities on commission and providing wealth management services covering among other things financial planning, tax and investment advisory services

BRE Ubezpieczenia TUiR

Principal information:

Name and legal form: BRE Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (joint-stock company)
Registered office and address: ul. Ks. I. Skorupki 5, 00-963 Warsaw
Share capital: PLN 15,741,177
Core activities: insurance activities in the second, non-life insurance segment - other personal and property insurance

On 11 September 2014, Aspiro S.A. - a shareholder of BRE Ubezpieczenia TUiR, concluded an agreement with the AXA Group on the sale of 100 per cent. of BRE Ubezpieczenia TUiR's shares. The transaction will be closed after obtaining consent from the KNF.

MANAGEMENT AND SUPERVISORY CORPORATE AUTHORITIES

In accordance with the KSH and Banking Law regulations, the Bank is managed by the Management Board and overseen by the Supervisory Board. The information provided below relating to the organisation, competencies and activities of the Management Board and Supervisory Board has been prepared based on the provisions of the KSH and the Banking Law, the Articles of Association of the Bank and the internal regulations of such bodies binding as at the date of this Base Prospectus.

Management Board

The governing body of the Bank is the Management Board.

Organisation and Competencies of the Management Board

The Management Board is composed of at least three members appointed for a joint term of office of five years by the Supervisory Board. The Management Board comprises the President and other members of the Management Board. The Supervisory Board may appoint members to the Management Board to the position of First Vice-President or Vice-President of the Management Board.

At least half of the members of the Management Board, including the President of the Management Board, have to hold Polish citizenship.

The term of a member of the Management Board expires, at the latest, at the General Shareholders' Meeting for approval of the financial statements for the last full financial year of the term of office of the Management Board. The term of a member of the Management Board also expires in the case of death, resignation, or dismissal of the member from the Management Board. The term of a member of the Management Board, appointed before the end of the term of office, expires on the expiration of the terms of the other members of the Management Board.

Two members of the Management Board, including the President of the Management Board, are appointed with the consent of the KNF. The Supervisory Board requests consent for the appointment and then must inform the KNF of the composition of the Management Board and of any changes made to its composition immediately after appointing or changing the composition of the Management Board. The Supervisory Board also informs the KNF of members of the Management Board who, under the segregation of duties, are responsible specifically for risk management and internal audit.

The President of the Management Board is the head of the Management Board. The responsibilities of the President include, among others:

- (a) heading the Management Board;
- (b) representing the Bank;
- (c) issuing internal regulations and instructions, rules, and other provisions that regulate the Bank's activities, however if required by a provision of law or internal regulation of the Bank, such internal regulations and instructions, rules, and other provisions should be based on a prior resolution of the Management Board on this respect; and
- (d) dividing competences among the Bank's 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. 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) granting proxies, (g) establishing organisational matters for the Bank, (h) establishing and liquidating branch offices and other organisational entities of the Bank, and (i) all decisions and transactions which require the consent or authorisation of the Supervisory Board.

Resolutions of the Management Board are passed by a majority of votes of the members of the Management Board present at the meeting and in the event that an even amount of votes is cast for and against, the President of the Management Board has a casting vote.

Without the consent of the Supervisory Board, members of the Management Board cannot engage in competing activities or have an interest in another competing legal entity. This restriction extends to members of the Management Board who hold at least 10 per cent. of the shares in the competing entity, or who have the right to appoint at least one member of its management board.

Members of the Management Board

Basic Information

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 Stypułkowski	58	President of the Management Board, the Bank's Director General	1 October 2010	mBank's AGM in 2018
Jörg Hessenmüller	44	Vice President of the Management Board, Chief Financial Officer	16 April 2012	mBank's AGM in 2018

<u>Full name</u>	<u>Age</u>	<u>Position on the Management Board</u>	<u>Date of coming into office</u>	<u>Date of end of the term of office</u>
Przemysław Gdański	48	Vice President of Management Board Head of Corporate and Investment Banking	19 November 2008	mBank's AGM in 2018
Lidia Jabłonowska-Luba	51	Vice President of the Management Board, Chief Risk Officer	12 April 2013 (appointed CRO on 17 Sept. 2013)	mBank's AGM in 2018
Hans-Dieter Kemler	46	Vice President of the Management Board, Head of Financial Markets	10 July 2009	mBank's AGM in 2018
Cezary Kocik	44	Vice President of the Management Board, Head of Retail Banking	1 April 2012	mBank's AGM in 2018
Jarosław Mastalerz	43	Vice President of the Management Board, Head of Operations and IT	1 August 2007	mBank's AGM in 2018

Source: The Bank

The mandates of all members of the Management Board who are in office as at the date of this Base Prospectus will expire on the day of the Annual Shareholders' Meeting in 2018 approving financial statements of the Bank for 2017.

Qualifications and Professional Experience

Cezary Stypułkowski

Cezary Stypułkowski holds a Ph.D. in Law from the University of Warsaw. In the late 1980s, he studied at Columbia University Business School in New York as a participant of the Fulbright Programme. Starting in 1991, he chaired the management board of Bank Handlowy S.A. (currently Citibank Group) for nearly thirteen years. Mr Stypułkowski was appointed as president of the management board of the PZU Group in 2003. He managed the company for three years. From 2006 to 2010 he worked for J.P Morgan in London, and from 2007 as Managing Director of J.P. Morgan Investment Bank in Central and Eastern Europe. Mr Stypułkowski was also a member of the International Advisory Board for Deutsche Bank Management Board, INSEAD International Advisory Board and the Geneva Association. Since 2012, Mr Stypułkowski has been a joint chairman of the Emerging Markets Advisory Council of the IIF in Washington.

He was appointed President of the Management Board of the Bank on 2 August 2010, President of the Management Board of the Bank as of 1 October 2010 and approved as a President of the Management Board by the KNF on 27 October 2010.

Jörg Hessenmüller

Jörg Hessenmüller graduated from Hochschule für Bankwirtschaft in Frankfurt am Main in 1997 and was awarded a Master's in Management (Diplom – Betriebswirt (FH)). From 1998 to 2009 he worked for Dresdner Bank, holding the position of, among others, Head of Financial Control responsible for London, New York, Moscow, Sao Paulo and Asia. In 2009, Mr Hessenmüller was appointed Managing Director in Commerzbank Group and worked as the Head of Investment Banking Finance, Group Finance and was also responsible for controlling and management reporting on Corporates & Markets, the Portfolio Restructuring Unit, Group Treasury and Public Finance.

He was appointed a Member of the Management Board and CFO of the Bank on 16 April 2012.

Przemysław Gdański

Przemysław Gdański graduated from the University of Gdańsk with a Master of Science in Economics and completed a one-year programme in international banking and finance at Loughborough University in the UK. In 2012, he completed the Advanced Management Programme (AMP) at IESE Business School. He has over 20 years of experience in corporate and investment banking. From 1993 to 1995 he worked for IBP Bank S.A., then for ABN AMRO Bank in Poland, Romania and in the headquarters in Amsterdam. From 2002 to 2006, he was the Managing Director of the Large Corporates Division in Bank BPH Bank S.A.. From May to November 2006 he was CEO and General Director of Calyon Bank Polska and Calyon S.A. Branch in Poland. In November 2006, he took the position of Deputy CEO in BPH Bank, responsible for corporate banking and real estate financing. After the merger of part of BPH Bank and Pekao S.A., he became the Deputy CEO of Pekao S.A. responsible for the Corporate Banking, Markets and Investment Banking Division.

Mr Gdański has been a Member of the Management Board since November 2008. He is currently Vice-President of the Management Board, responsible for Corporate and Investment Banking.

Lidia Jabłowska-Luba

Lidia Jabłowska-Luba graduated from the Mathematics Institute of the University of Gdańsk. From 1994 to 2001, Ms Jabłowska-Luba was Vice-President of Schroder Salomon Smith Barney Poland, where she advised a number of clients, financial institutions in particular, on M&A and public equity transactions. In 2002, Ms Jabłowska-Luba joined Citigroup in Poland, first as the Head of the Financial Institutions & Public Sector Division and from November 2003 as the Member of the Management Board in charge of finance and operational risk management, capital management and the implementation of the New Capital Accord. From 2008 to 2010, she served as Vice-President of the Management Board of Kredyt Bank and Adviser to the CEO of Warta S.A. and TUnŻ Warta S.A., acting as Chief Finance and Risk Officer. From 2010 to 2012 Ms Jabłowska-Luba was the Senior General Manager at KBC Group in Brussels. Additionally, Ms Jabłowska-Luba held the position of Vice Chairman of the Group Risk Management Committee and also served as a member of the Group Risk and Capital Oversight Committee and ALCO at KBC Group. In 2012, she served as a member of the Supervisory Board of Kredyt Bank.

On 11 April 2013, Ms Jabłowska-Luba was appointed as Vice-President of the Management Board of the Bank; approved as Vice-President of the Management Board responsible for the risk management, Chief Risk Officer, by the KNF on 17 September 2013.

Hans-Dieter Kemler

Mr Kemler graduated from the Westphalian Wilhelm University of Münster in 1996. Between 1991 and 1992, worked in Bond Trading Department at Dresdner Bank. Between 1996 and 1998, employed with Sal. Oppenheim jr. & Cie. KGaA, Financial Markets Department in Frankfurt am Main. From 1998 to 2005, Head of the Corporate Risk Advisory in the Head Office of Commerzbank. Since 2005, member of the senior management of Commerzbank responsible for international public finance. He also acted as a managing director at Erste Europäische Pfandbrief - und Kommunalkreditbank AG in Luxemburg.

He has been a member of the Management Board since 10 July 2009.

Cezary Kocik

Cezary Kocik graduated with a degree in Banking and Finance from the University of Łódź. He is a licensed stockbroker. From 1994 to 1996 Mr Kocik was employed with the brokerage house of Bank PBG as a securities broker. Starting in 1996, he worked for Bank PBG in the Investment Banking and Debt Collection and Restructuring divisions. In 1999, Mr Kocik was employed with the Debt Collection and Loan Restructuring Department of Bank Pekao S.A. In 2000, he was appointed director of a branch of Pekao Bank S.A. in Łódź. Since 2004, he has been working for BRE Bank. Until 2006 he was the Director of the Retail Loans Department. In 2007, he was appointed Director of the Sales and Marketing Department responsible for MultiBank. From 2008 to 2010, he held the position Managing Director for MultiBank and in 2010 he was appointed Managing Director for Retail Banking Sales and Business Processes.

Since 1 April 2012 he has been a Member of the Management Board.

Jarosław Mastalerz

Born in 1972, he graduated in 1996 from the Faculty of Economy and Foreign Trade at the University of Łódź. He holds a certificate of the Association of Chartered Certified Accountants. From 1996 to 1998 he worked as a consultant in PricewaterhouseCoopers. In 1998 he started to work for the Zurich Group. Initially, he was responsible for the organisation and market strategy of the pension fund, and then he took over the position of Marketing Director and became a member of the Management Board. Starting in 2000, he served as the Member of the Management Board responsible for the retail client segment of the Zurich Group in Poland, and from 2001 - as Financial Director. From January 2003 to the end of June 2006, he was a Member of the Management Board and the Financial Director of Generali T.U. S.A and Generali Życie T.U. S.A. On 20 July 2006, he was appointed Chief Executive Officer of BRE Ubezpieczenia, then as Chief Executive Officer of BRE Ubezpieczenia Towarzystwo Ubezpieczeń S.A.

In August 2007, Jarosław Mastalerz was appointed by the Supervisory Board as member of the Management Board of BRE Bank (currently mBank), Head of Retail Banking. In April 2012 r. Mr Mastalerz was appointed Member of the Management Board, Chief Operations Officer responsible for IT and logistics area.

Business Address

The business address of all members of the Management Board is:

ul. Senatorska 18,
00-950 Warsaw
Poland

Positions held by members of the Management Board in other companies

The table below presents information on other companies and partnerships in which, during the last five years, the current members of the Management Board: (i) held positions in management or supervisory bodies; (ii) held shares (in the case of companies listed on the WSE or on any other regulated market in Poland or abroad, in a number representing more than 1 per cent. of the votes at the general meeting of such company); or (iii) were partners.

<u>Name</u>	<u>Name of the company</u>	<u>Position</u>	Does the Management Board member continue to serve in this capacity?
Cezary Stypułkowski	TELE-FONIKA Kable	Member of the	No

Name	Name of the company	Position	Does the Management Board member continue to serve in this capacity?
Przemysław Gdański	Sp. z o.o. S.K.A. Dom Maklerski mBanku*	Supervisory Board Chairman of the Supervisory Board	Yes
	mFaktoring*	Chairman of the Supervisory Board	Yes
	mLeasing*	Chairman of the Supervisory Board	Yes
	mCorporate Finance*	Chairman of the Supervisory Board	Yes
	mBank Hipoteczny*	Member of the Supervisory Board	No
Jörg Hessenmüller	Experior spółka z ograniczoną odpowiedzialnością Venture Fund I S.K.A. mBank Hipoteczny*	Member of the Supervisory Board	Yes
	mLeasing*	Deputy Chairman of the Supervisory Board	Yes
	Transfinance* a.s.	Chairman of the Supervisory Board	No
	mLocum*	Chairman of the Supervisory Board	Yes
	BDH Development*	Chairman of the Supervisory Board	Yes
Lidia Jabłonowska-Luba	Kredyt Bank S.A.	Vice-president of the Management Board	No
	Kredyt Bank	Member of the Supervisory Board	No
	mBank Hipoteczny*	Member of the Supervisory Board	Yes
	mLeasing*	Member of the Supervisory Board	Yes
	Stowarzyszenie Mariański Komitet Gospodarczy	Member of the Supervisory Board	Yes
Hans-Dieter Kemler	Erste Europäische Pfandbrief- und Kommunalkredit AG	Managing Director	No
	ABC Data Holding S.A.	Member of the Supervisory Board	Yes
	mBank Hipoteczny*	Shareholder Deputy Chairman of the Supervisory Board	Yes Yes
	Dom Maklerski mBanku*	Deputy Chairman of the Supervisory Board	Yes
	mCorporate Finance*	Chairman of the Supervisory Board	No
Cezary Kocik	Aspiro*	President of the	No

Name	Name of the company	Position	Does the Management Board member continue to serve in this capacity?
		Management Board	
	Aspiro*	Chairman of the Supervisory Board	Yes
	BRE Ubezpieczenia TUiR*	Deputy Chairman of the Supervisory Board	Yes
	mWealth Management*	Chairman of the Supervisory Board	Yes
	Dom Maklerski mBanku*	Member of the Supervisory Board	No
	BRE Ubezpieczenia*	Deputy Chairman of the Supervisory Board	No
	BRE Agent Ubezpieczeniowy*	Deputy Chairman of the Supervisory Board	No
	BRE Property Partner Sp. z o.o.*	Chairman of the Supervisory Board	Yes
	mBank Hipoteczny*	Chairman of the Supervisory Board	Yes
	Aspiro. Net Sp. z o.o.**	President of the Management Board	No
Jarosław Mastalerz	GENERALI PTE S.A.	Member of the Management Board	Yes
	ABITO s.c.	Partner	Yes
	Clavisaurea Limited	Shareholder	Yes
	Clavisaurea k.s.	Partner	Yes
	Tirstitia Limited	Shareholder (indirectly)	Yes
	Aspiro*	Vice-chairman of the Supervisory Board	Yes
	mCentrum Operacji Sp. z o.o.*	Chairman of the Supervisory Board	Yes
	BRE Ubezpieczenia TUiR*	Chairman of the Supervisory Board	Yes
	mWealth Management*	Chairman of the Supervisory Board	No
	BRE Ubezpieczenia*	Chairman of the Supervisory Board	No
	BRE Agent Ubezpieczeniowy*	Chairman of the Supervisory Board	No
	Krajowa Izba Rozliczeniowa	Member of the Supervisory Board	Yes

* Indicates mBank Subsidiaries

** This company was put into voluntary liquidation on 29 October 2012.

Source: The Bank

Supervisory Board

The Supervisory Board exercises regular supervisions over the Bank's operations.

Organisation and Competences of the Supervisory Board

The Supervisory Board is comprised of not less than five members elected by the General Shareholders' Meeting, for a joint term of office of three years.

At least half of the members of the Supervisory Board, including the Chairman, have Polish citizenship, permanently reside in Poland, speak Polish and have experience on the Polish market which can be used in supervision of the Bank.

The terms of members of the Supervisory Board expire, at the latest, on the day of the General Shareholders' Meeting for approval of the financial statements of the Bank for the last full year of the term of office of the members of the Supervisory Board. The term of a member of the Supervisory Board also expires in the case of death, resignation, or dismissal of the member. The term of a member of the Supervisory Board, appointed before the end of the term of office, expires at the same time as the expiry of the term of other members of the Supervisory Board.

The number of members of the Supervisory Board is determined by the General Shareholders' Meeting. At least two of the Supervisory Board members have to be independent Supervisory Board members, unless the General Shareholders' Meeting decides otherwise. An independent member of the Supervisory Board is a member of the Supervisory Board who, as of the date of its election, meets all the following conditions:

- (a) during the last five years has not held the position of the Management Board member at the Bank;
- (b) during the last five years has not held the position of Management Board member at any associate company of the Bank within the meaning prescribed by the Accounting Act;
- (c) during the last three years has not been an employee of the Bank, any entity dependent on the Bank or an employee of any associate company of the Bank within the meaning prescribed by the Accounting Act;
- (d) does not have any factual and essential relations with a shareholder having the right to exercise at least 5 per cent. of all votes at the General Meeting of the Bank;
- (e) has not received any remuneration from the Bank nor from any associate company of the Bank, within the meaning prescribed by the Accounting Act, of any kind, except for remuneration for participation in the Supervisory Board of the Bank;
- (f) is not a shareholder of the Bank and does not represent any shareholder acting as a dominating entity in respect of the Bank;
- (g) during the last year, has not been a significant client or business partner of the Bank or any associate company of the Bank, within the meaning prescribed by the Accounting Act, directly or in the form of an associate, shareholder, director, or senior management officer at an entity being in such relation with the Bank;
- (h) during the last three years, has not been an associate or employee of the current or former chartered auditor of the Bank or any associate company of the Bank;
- (i) is not a member of the management board at a company in which a member of the Management Board of the Bank is a member of the supervisory board, and has no other significant associations with members of the Management Board of the Bank by participation in other companies or governing bodies;
- (j) may not hold the position of an independent member of the Bank's Supervisory Board for longer than 12 years; and

- (k) is not a spouse, descendant, adoptee, daughter-in-law or son-in-law of a member of the Management Board or the Supervisory Board of the Bank or any persons mentioned in (a) to (j).

The Supervisory Board elects the Chairman and Deputy Chairmen from among its members.

A member of the Supervisory Board whose term expired in the course of the joint term of office of the Supervisory Board can be replaced by another person elected by the Supervisory Board. The election of members of the Supervisory Board within the joint term of office of the Supervisory Board requires the approval of the next General Shareholders' Meeting. If the General Shareholders' Meeting refuses to approve any member of the Supervisory Board elected within the joint term of office, the General Shareholders' Meeting shall elect another member of the Supervisory Board in lieu of the person whose election was refused. If the number of members of the Supervisory Board is less than five due to the expiration of the terms of members of the Supervisory Board within the joint term of office, the Supervisory Board shall elect new members to replace the members whose terms have expired.

In addition to the rights and obligations prescribed by law and the Articles of Association, the responsibilities of the Supervisory Board specifically include the following matters: (a) approving the proposals of the Management Board concerning the Bank's essential organisational structure, (b) approving the Bank's annual financial plans and multi-annual development plans, (c) examining all motions and matters subject to resolutions of the General Shareholders' Meeting, (d) issuing or approving rules provided for in the Articles of Association, (e) defining management contracts and setting remuneration for members of the Management Board, (f) 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, (g) approving conclusion or amendment of each significant agreement or arrangement with the members of the Management Board or the Supervisory Board, (h) approving conclusion, amendment or termination of any significant affiliation agreements or co-operation treaties, (i) receiving information on expected deviations from the annual budget, and (j) issuing general guidelines for the Management Board regarding the level and structure of remuneration for senior management of the Bank.

The Supervisory Board passes resolutions if at least half of its members are present and all of its members were invited. In specific cases, members of the Supervisory Board may participate in passing resolutions voting in writing via another member of the Supervisory Board. Voting in writing cannot refer to issues introduced to the agenda at the Supervisory Board meeting. The Supervisory Board may pass resolutions in writing or using direct remote communication. A resolution is valid when all the members of the Supervisory Board were notified of the content of the draft resolution. Resolutions of the Supervisory Board require an ordinary majority of votes, in the event of an even number of votes cast for and against, the vote of the Chairman of the Supervisory Board prevails. Without the consent of the majority of independent members of the Supervisory Board resolutions on the following issues should not be passed: (a) performance of any kind by the Bank or entities related to the Bank on behalf of members of the Management Board, and (b) granting consent to the Bank's concluding of a material contract with an entity related to the Bank, member of the Supervisory Board or Management Board and with their related entities.

Standing Committees of the Supervisory Board

The Supervisory Board may appoint a Standing Committee whose members perform their functions as members of the Supervisory Board delegated to carry out specific supervision activities at the Bank. The scope of authority of a Standing Committee is set out in a resolution of the Supervisory Board. In particular, the Supervisory Board may appoint the following Standing Committees:

- The Executive Committee, whose authority includes, among others, the following: (a) exercising regular supervision of the operations of the Bank between meetings of the Supervisory Board, and (b) authorising the Board of Management to acquire, encumber, and sell real estate, a perpetual usufruct or part of real estate and shares in companies as well as other fixed assets, if the value of these transactions exceeds 1 per cent. of the Bank's own funds as at 31 December of the preceding

year. Such authorisation is not required if such acquisition results from execution, bankruptcy, or negotiation procedures, or other settlements with the Bank's debtors, or in the case of sale of assets so acquired;

- The Audit Committee, whose authority includes, among others, the following: (a) giving opinions about the election of the independent auditor by the General Shareholders' Meeting, (b) recommending approval or rejection of financial statements by the Supervisory Board, (c) exercising regular supervision over the internal audit system at the Bank, and (d) accepting the personnel changes in the position of head of the Internal Audit Department proposed by the Management Board. The Audit Committee includes at least one independent Supervisory Board member qualified and experienced in accounting and finance;
- The Risk Committee, whose authority includes, among others, the following: (a) exercising regular supervision of credit risks, market risks and operational risks as well as approving individual counterparty risk according to the parameters defined by the Supervisory Board from time to time; and (b) recommending approval or disapproval to the Supervisory Board for transactions between the Bank and the members of the Bank's bodies, as provided by the Banking Law. The Supervisory Board is entitled to define the aforementioned parameters, further rights and authorities of the Risk Committee; and
- The Remuneration Committee, whose authority includes, among other things, the following: (a) reviewing principles and amounts of remuneration of Members of the Management Board, including the setting of relevant amounts, (b) tabling opinions concerning approval for Members of the Management Board of the Bank to engage in competitive activity, (c) issuing recommendations to the Supervisory Board regarding general guidelines for the Management Board on the level and structure of remuneration for the senior management of the Bank and the policy of variable items of remuneration of the persons holding managerial positions at the Bank, and (d) monitoring the level and structure of remuneration of the senior management.

The Standing Committees of the Supervisory Board present annual reports to the Supervisory Board on their activities. The Bank makes the report available to the shareholders before the Ordinary General Shareholders' Meeting.

As at the date of this Base Prospectus:

- (a) The Executive Committee is composed of: Maciej Leśny (Chairman), Martin Blessing, Andre Carls and Teresa Mokrysz;
- (b) The Audit Committee is composed of: Stephan Engels (Chairman), Andre Carls, Maciej Leśny, Waldemar Stawski. The Audit Committee includes two members who meet the independence criteria (Maciej Leśny and Waldemar Stawski). All members of the Audit Committee have the qualifications required by law in accounting or audit;
- (c) The Risk Committee is composed of: Stefan Schmittmann (Chairman), Thorsten Kanzler, Maciej Leśny, Agnieszka Słomka-Gołębiowska; and
- (d) The Remuneration Committee is composed of: Andre Carls (Chairman), Maciej Leśny, Marek Wierzbowski and Martin Zielke.

Members of the Supervisory Board

Basic Information

The 27th General Meeting of Shareholders held on 31 March 2014, appointed the Supervisory Board for a new three-year term. The Board was composed of twelve members: Maciej Leśny (Chairman of the Supervisory Board), Martin Zielke (Deputy Chairman of the Supervisory Board), Martin Blessing, Andre Carls, Stephan Engels, Thorsten Kanzler, Teresa Mokrysz, Stefan Schmittmann, Waldemar Stawski, Jan Szomburg, Wiesław Thor and Marek Wierzbowski.

On 20 October 2014, Jan Szomburg, Member of the Supervisory Board of mBank, handed in his resignation, effected as of 27 October, 2014. The resignation was associated with the proposal received to take over new advisory functions at Commerzbank Group. On 28 October, 2014, Mr. Szomburg was succeeded by Agnieszka Słomka-Gołębiowska, who will serve until the end of the present term of the Supervisory Board.

The table below sets out information on the members of the Supervisory Board who held their positions as at the date of this Base Prospectus.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date on which the current term began</u>	<u>Expiration of the term of office</u>
Maciej Leśny	68	Chairman of the Supervisory Board (independent member)	31 March 2014	31 March 2017
Martin Zielke	51	Deputy Chairman of the Supervisory Board	31 March 2014	31 March 2017
Martin Blessing	51	Member of the Supervisory Board	31 March 2014	31 March 2017
Andre Carls	51	Member of the Supervisory Board	31 March 2014	31 March 2017
Stephan Engels	52	Member of the Supervisory Board	31 March 2014	31 March 2017
Thorsten Kanzler	50	Member of the Supervisory Board	31 March 2014	31 March 2017
Teresa Mokrysz	62	Member of the Supervisory Board	31 March 2014	31 March 2017
Stefan Schmittmann	58	Member of the Supervisory Board	31 March 2014	31 March 2017
Agnieszka Słomka-Gołębiowska	38	Member of the Supervisory Board (independent member)	28 October 2014	31 March 2017
Waldemar Stawski	56	Member of the Supervisory Board (independent member)	31 March 2014	31 March 2017
Wiesław Thor	56	Member of the Supervisory Board	31 March 2014	31 March 2017
Marek Wierzbowski	68	Member of the Supervisory Board (independent member)	31 March 2014	31 March 2017

Source: The Bank

The mandates of all members of the Supervisory Board who are in office as at the date of this Base Prospectus will expire on the day of the General Shareholders' Meeting for approval of the financial statements for the last full financial year of the member of the Supervisory Board being in office at the latest.

Qualifications and professional experience

Maciej Leśny

Chairman of the Supervisory Board of the Bank (independent member).

In 1969 Maciej Leśny completed his studies at the Faculty of Economic Sciences at the Warsaw University. During his professional career, Mr Leśny worked for 6 years in the shipbuilding industry in Gdańsk and 8 years for Zakłady Elektronicznej Techniki Obliczeniowej. For more than 22 years he had worked in the central state administration, including 8 years in the position of Undersecretary of State: in the Ministry of Foreign Economic Co-operation; the Ministry of Economy; the Ministry of Economy, Labour and Social Policy; and finally in the Ministry of Infrastructure.

He completed post-graduate studies and training in the United States at the Michigan University (Business School of Administration) and De Paul University (Chicago). In 1992-1993, as a scholarship holder of the US government, Mr Leśny studied at the American University in Washington, DC. During his scholarship he served a four-month internship at the World Bank and completed a privatization training course in the International Monetary Fund.

From March 1994 to 1998, Mr Leśny was the Chairman of the Supervisory Board of BRE Bank (currently mBank). By December 2001, he had become a Member of the Supervisory Board. In 2004, Mr Leśny was re-elected Chairman of the Supervisory Board.

Business address:
mBank S.A.
ul. Senatorska 18
00-950 Warsaw
Poland

Martin Zielke

Deputy Chairman of the Supervisory Board

Mr Zielke studied at Göttingen University in 1985-1990, Master's degree (Diplom-Kaufmann) in Economics graduated in 1990.

In 1983-1985 he worked for Deutsche Bank AG, Kassel Branch. In 1990-2000 he worked for Dresdner Bank AG in Frankfurt am Main. In 1990-1995, Mr Zielke was the manager of sub-project relating to retail customer strategy. In 1997, he was the head of new market positioning project. In 1997-1999, Mr Zielke was the Regional Head of Retail Banking, Northern Region. In 1999-2000, Mr Zielke was the Head of special project on retail banking /Area Head of Business Development.

Later, until May 2001 he was a Regional Head of Portfolio Investment, Member of Operative Management Team in Deutsche Bank 24. In June-December 2001, Mr Zielke was the Regional Head of Financing Retail Banking with Deutsche Hyp, Frankfurt am Main. In January 2002-December 2004, he was the Group Manager, Retail Banking, Commerzbank AG, Frankfurt am Main. In January 2005-March 2006, Mr Zielke was the Group Manager Corporate Banking Commerzbank AG, Frankfurt am Main. From April 2006 to December 2007, Mr Zielke was the Member of the Board of Managing Directors of Eurohypo Aktiengesellschaft, Eschborn.

From February 2008 to November 2010, Mr Zielke was the Group Manager, Group Finance Division, Commerzbank AG, Frankfurt am Main. Since November 2010 he has been a Member of the Board of Managing Directors of Commerzbank AG, responsible for the Private Clients Segment. Mr Zielke is a member of Supervisory Boards of Comdirect Bank AG, Commerz Real AG and Commerz Real Investmentgesellschaft mbH.

Business address:
Commerzbank AG
Kaiserplatz
60311 Frankfurt am Main
Germany

Martin Blessing

Member of the Supervisory Board.

Martin Blessing studied Business Administration at Frankfurt and St. Gallen Universities. In 1988 he was awarded an MBA from the University of Chicago.

Between 1989 and 1996, Mr Blessing worked for McKinsey in Frankfurt am Main and New York, becoming a Partner in 1994. In 1997, he joined Dresdner Bank AG, where he was Joint Manager of the Department for Private Customers. From 2000 to 2001, Mr Blessing was Chairman of the Board of Advance Bank AG in Munich.

Mr Blessing was appointed to the Board of Managing Directors of Commerzbank AG in 2001 and became the Chairman of the Board of Managing Directors in 2008. He held his initial position as a Member of the Supervisory Board of BRE Bank from 2005 until 2008. In 2013, he re-joined the Bank's Supervisory Board.

Business address:
Commerzbank AG
Kaiserplatz
60311 Frankfurt am Main
Germany

Andre Carls

Member of the Supervisory Board.

Having studied business economics and completed a doctorate at the University of Cologne, Dr Carls joined Commerzbank through an international trainee programme in 1990.

He subsequently held various positions in Corporate Finance and Capital Markets in Frankfurt and from 1998 to 2000 was Executive Director of the Investment Banking Division of Commerzbank in London. From 2000 to 2008, Dr Carls was a member of the Board of Managing Directors of comdirect bank AG, from September 2002 to November 2004 as CFO and from November 2004 to March 2008 as CEO. From March 2008, to September 2008 he held the position of Vice-President of the Management Board and CFO of BRE Bank S.A. (currently mBank S.A.).

From March 2008 to December 2013, Dr Carls has been CEO of Commerzbank Auslandsbanken Holding AG and CEO of Central & Eastern Europe-Holding of Commerzbank AG. In January 2014, Dr Carls became a Divisional Board Member in the "Mittelstandsbank" of Commerzbank AG.

Business Address:
Commerzbank AG
Kaiserplatz
60311 Frankfurt am Main
Germany

Stephan Engels

Member of the Supervisory Board.

Stephan Engels studied Business Administration at the University of St. Gallen. Between 1988 and 1993 he worked at Daimler-Benz AG's internal audit department. Afterwards he headed the Regional Controlling Europe at debis AG for three years. From 1996 to 2000 he served as Chief Financial Officer at debis AirFinance B.V. In 2000, he joined DaimlerChrysler Bank AG, as Member of the Board for Credit then Chief Financial Officer & IT.

From 2003 he worked at DaimlerChrysler Services AG, lastly as a Member of the Board for Finance, Controlling, Risk Management & Strategy. From 2007 to 2012 he was a Member of the Executive Committee of Mercedes-Benz Car Group for Finance & Controlling and Head of Management Group Controlling at Daimler AG.

Since April 2012 he is a Member of the Board of Managing Directors at Commerzbank AG.

Business address:
Commerzbank AG
Kaiserplatz
60311 Frankfurt am Main
Germany

Thorsten Kanzler

Member of the Supervisory Board of the Bank.

Thorsten Kanzler studied mechanical engineering and economics at the University of Technology in Darmstadt (Germany), where he obtained the Diplom-Wirtschaftsingenieur (M.Sc. Eng.).

From 1991 to 2004 he was employed at Deutsche Bank AG on various positions in the treasury and risk management area in Frankfurt, New York, Sydney and London. Between 2004 and 2007, Mr. Kanzler was Group Treasurer and Divisional Board Member of Corporate & Investment Banking in WestLB AG in Düsseldorf.

From May 2007, Mr. Kanzler was Head of Group Treasury & Capital Management at Dresdner Bank AG in Frankfurt am Main. Since the beginning of 2009, Mr. Kanzler has been Divisional Board Member for Group Treasury at Commerzbank AG. Mr. Kanzler is responsible for assets and liabilities management, risk management of the banking books, capital management and funding.

Business address:
Commerzbank AG
Kaiserplatz
60311 Frankfurt am Main
Germany

Teresa Mokrysz

Member of the Supervisory Board of the Bank

Ms Mokrysz graduated from the University of Economics in Katowice in 1978. In 1990, she created the Mokate brand, one of the most recognisable Polish brands in the world. She transformed a small family firm into a global business. As one of the owners, Ms Mokrysz runs eight Mokate enterprises headquartered in Poland and in other countries of Central Europe. She built manufacturing plants in the Polish towns of Żory and Ustroń from scratch and developed the manufacturing plant located nearby Prague, Czech Republic

(producing coffee, tea and intermediate goods for food industry). Under her leadership the company entered nearly 70 markets, selling its products on all continents.

Ms Mokrysz was a winner of the "Leader of the Decade" title awarded by the daily Gazeta Wyborcza and the "Success of the Decade" title by Businessman Magazine. In 2000, the International Foundation for Women's Entrepreneurial Spirit from Los Angeles awarded Ms Mokrysz the title of "the most entrepreneurial woman of the world". Ms Mokrysz is the founder of scholarships for talented and impoverished youth, provides financial support to health care institutions, nursing homes, children's homes and schools.

Business address:
MOKATE S.A.
ul. Katowicka 265a
43-450 Ustroń
Poland

Stefan Schmittmann

Member of the Supervisory Board of the Bank.

Mr Schmittmann is a graduate of business administration, doctorate in economics at the University of St. Gallen in Switzerland.

In 1986-2003, he was employed at Bayerische Vereinsbank AG and, as of 1998, with Bayerische Hypo- und Vereinsbank AG. In 2004-2005 he was a Chairman of the Board of Directors of Vereins- und Westbank AG, Hamburg. In 2005 he became a Member of the Divisional Board of Directors in Munich, and from 2006 to 2008, he was a Member of the Management Board of Bayerische Hypo- und Vereinsbank AG in Munich, where he was responsible for the Corporate Customer and Commercial Real Estate Customer Division, and a Member of the Executive Committee UniCredit Corporate Division. Since November 2008, he has been a Member of the Board of Managing Directors of Commerzbank AG. He currently holds the position of Chief Risk Officer at Commerzbank AG.

Business address:
Commerzbank AG
Kaiserplatz
60311 Frankfurt am Main
Germany

Agnieszka Słomka-Gołębiowska

Member of the Supervisory Board. (independent member)

Ms Agnieszka Słomka-Gołębiowska holds a PhD in Economics and MSc. in Finance and Banking from the Warsaw School of Economics, as well as a MBA from the French Institute of Management.

Currently works as an Associate Professor at the Warsaw School of Economics. Previously, Director in the Industrial Development Agency responsible for corporate governance, restructuring and privatisation (2006-2009), Professor Assistant at the University of Muenster (2003-2004) and consultant in Arthur Andersen (2000-2002). Since 2006, she sits on various supervisory boards. She has received prestigious awards, including an Alexander von Humboldt Fellowship and Polish-American Fulbright Fellowship and has been a visiting scholar at universities in Berkeley (Haas), Cambridge (MIT), Tucson (UOA), Munster, Copenhagen (CBS), Birmingham (BBS), Berlin (HSoG), Genoa (UoG - Law School) and Vienna (WU).

Dr Agnieszka Słomka-Gołębiowska is the author of numerous articles in professional journals and books on corporate governance in Polish and English.

Business address:
Warsaw School of Economics (SGH)
Al. Niepodległości 162
02-554 Warszawa
Poland

Waldemar Stawski

Member of the Supervisory Board of the Bank (independent member)

Graduate of the Gdańsk Technical University and post-graduate studies in: Accounting and Finance (2009-2010), Financial Analysis in Business Management (1992-1993), Microprocessors in Energoelectronics and Propulsions (1986-1987), Didactics and Pedagogy (1984-1985).

In 1991-2011 he underwent domestic and foreign training on banking, finance and banks' organisation. Mr Stawski holds the Accounting Certificate issued by the Minister of Finance and is authorised to provide bookkeeping services. He passed the exam for the candidates for members of supervisory boards at state-owned companies (certificate MPW 8 April 1995).

In 1983-1991, Mr Stawski was a member of the teaching staff of the Maritime University of Gdynia. In 1991, he became an employee of Pomorski Bank Kredytowy. In 1993, Mr Stawski became a branch director in Gdynia. In 1995-2000, he was Director of the Regional Branch of PKO BP in Gdańsk. In 2000, Mr Stawski was appointed Vice-President of the Management Board of PKO BP S.A. responsible for managing the treasury, corporate clients, capital market and corporate governance areas. From June 2002 to February 2003, Mr Stawski was Chairman of the Team of Receivers for Wschodni Bank Cukrownictwa S.A. He then served as a Member of the Management Board of CTL Logistics S.A. and General Director of the Polish Association of Transport and Logistics Employers. In 2006, Mr Stawski became a consultant of ALDAZ Sp. z o.o. Mr Stawski currently acts as Director at Zarzecki, Lasota i Wspólnicy Sp. z o.o.

From 2012 to 2014, Mr Stawski was a member of the Management Board of Gdańsk Business Club, of which he has been a member since 1995. In 2012, he was appointed to the Council of the Maritime University of Gdynia. In November 2014, the Polish Financial Supervision Authority appointed Waldemar Stawski special administrator of SKOK Wołomin.

Business address:
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00-950, Warsaw
Poland

Wiesław Thor

Member of the Supervisory Board.

Wiesław Thor graduated from the Central School of Planning and Statistics (currently Warsaw School of Economics – SGH), joined the training programme "Train the Trainer" organised by KPMG and the South Carolina Business School, and attended the summer school of banking at McIntire University Business School. Mr Thor has been employed by BRE Bank (currently mBank) since 1990 in the following positions: Specialist, Division Head, Deputy Director of the Warsaw Branch, Director of the Credit Department, and Chief Risk Officer from May 2000. On 1 August 2002, Mr Thor became Country Risk Manager at Bank Handlowy S.A. in Warsaw.

On 2 November 2002, Mr Thor was appointed Member of the Management Board of BRE Bank, Chief Risk Officer. He was Vice-President of the Management Board of BRE Bank from 15 March 2008 to 11 April 2013.

Mr Thor is a lecturer at the Warsaw Institute of Banking and SGH, long-time Member of the Steering Committee of the Risk Management Association (formerly: Robert Morris Association European Credit & Risk Management Round Table) and member of PRMIA Polska.

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ul. Senatorska 18,
00-950 Warsaw
Poland

Marek Wierzbowski

Member of the Supervisory Board of the Bank (independent member).

Mr Wierzbowski is a professor ordinarius at the University of Warsaw School of Law, an attorney at law, the partner of the law firm "Prof. Marek Wierzbowski & Partners – Advocates and Legal Counsellors", chairman of the Construction Law Codification Committee, deputy Chairman of the Supervisory Board of the Warsaw Stock Exchange, the President of the Arbitration Court of the Chamber of Brokerage Houses a member of the Board of Directors of the Polish-U.S. Fulbright Commission, and a member of the Council of the European Law Institute based in Vienna. Former member of the Board of Supreme Chamber of Control (NIK) and a member of the Public Procurement Council,

He also served as the deputy dean of the Faculty of Law and Administration, as well as vice-chancellor of the University of Warsaw. For many years, he was a partner at the law firms of Weil Gotshal & Manges and later Linklaters. He was an adviser to the Minister of Privatisation, the Minister of the Treasury and the President of the Energy Regulatory Office. He was also the vice-president of the Court of Arbitration at the Polish Chamber of Commerce.

In his legal career, he managed legal teams and advised on numerous transactions, including sales of shares in connection with the privatisation of large enterprises and is also the Editor and co-author of numerous commentaries and handbooks.

Business address:

Prof. Marek Wierzbowski & Partners – Advocates and Legal Counsellors
ul. Mokotowska 15A lok.17
00-640 Warsaw
Poland

Except for Dr Andre Carls and Wiesław Thor who were members of the Management Board responsible for Finance and the Vice-Presidents of the Bank's Management Board, none of the Supervisory Board members have held any positions in the Bank.

Positions held by members of the Supervisory Board in other companies

In the table below, information on other companies in which members of the Supervisory Board held management board or supervisory board positions during the last five years is shown.

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
Maciej Leśny	Fusion Invest Polska S.A.	Member of the Supervisory Board	Yes
	Track Tec S.A.	Member of the Supervisory Board	Yes
	Centralny Ośrodek Żeglarstwa PZZ	Chairman of the Supervisory Board	No
Martin Zielke	Commerzbank AG	Member of the Board of Managing Directors	Yes
	comdirect bank AG	Chairman of the Supervisory Board	Yes
	Commerz Real AG	Chairman of the Supervisory Board	Yes
	Commerz Real Investmentgesellschaft mbH	Chairman of the Supervisory Board	Yes
	Allianz Global Investors Deutschland GmbH	Member of the Supervisory Board	No
	Allianz Global Investors Kapitalanlagegesellschaft mbH	Member of the Supervisory Board	No
	Commerzbank Auslandsbanken Holding Nova GmbH	Chairman of the Supervisory Board	No
	JSC Bank "Forum"	Member of the Supervisory Board	No
Martin Blessing	Commerzbank AG	Chairman of the Board of Managing Directors	Yes
	CommerzVentures GmbH	Chairman of the Board of Administration	Yes
Andre Carls	Arvato infoscore GmbH	Member of the Advisory Board	Yes
	Frankfurt am Main Chamber of Commerce	Member of the Banking Committee	Yes
	Commerzbank Auslandbanken Holding AG	Chief Executive Officer	No
	JSC Bank "Forum"	Member of the Supervisory Board	No
	Commerzbank Eurasija ZAO	Deputy Chairman of the Supervisory Board	No
	Commerzbank Zrt.	Member of the Supervisory Board	No
	Joint Stock Company Promsvyazbank (Moscow)	Member of the Board of Directors	No
Stephan Engels	Commerzbank AG	Member of the Board of Managing Directors	Yes
	CommerzVentures GmbH	Deputy Chairman of the Board of Administration	Yes

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
Thorsten Kanzler	Mercedes-Benz Car Group	Member of the Executive Committee	No
	Daimler AG	Authorised Signatory	No
	MBtech Group GmbH&Co. KGaA	Member of the Executive Committee	No
	MBtech Verwaltungs-GmbH	Member of the Advisory Board	No
	Mercedes-Benz Belgium Luxembourg S.A.	Member of the Board of Directors	No
	Mercedes-Benz Museum GmbH	Member of the Advisory Board	No
	Mercedes-Benz USA, LLC	Member of Board of Directors	No
	Hypothekenbank Frankfurt AG	Member of the Supervisory Board	Yes
	Allianz Global Investors Kapitalanlagegesellschaft mbH	Deputy Chairman Anlageausschuss AllianzGI-Fonds CPT2	Yes
	Allianz Global Investors Kapitalanlagegesellschaft mbH	Deputy Chairman Anlageausschuss ATZ-Banken	Yes
	Allianz Global Investors Kapitalanlagegesellschaft mbH	Deputy Chairman Anlageausschuss CBP	Yes
	Bundesverband deutscher Banken e.V. (Association of German Banks)	Member of Ausschuss für Treasury-Management	Yes
	Hypothekenbank Frankfurt AG	Member of the Supervisory Board	No
	Teresa Mokrysz	MOKATE S.A.	Deputy Chairman of the Supervisory Board
		Shareholder	Yes
MOKATE Sp. z o.o.		Shareholder	Yes
FPUH MOKATE Sp. z o.o.		Commercial proxy	Yes
		Shareholder	Yes
MOKATE Hungary Sp. z o.o.		Commercial proxy	Yes
		Shareholder	Yes
Stefan Schmittmann	MOKATE Group Sp. z o.o.	Shareholder	Yes
	Global Coffee Group Sp. z o.o.	Commercial proxy	Yes
		Shareholder	
	CS Schmittmann Grundstücksverwaltung Schwenzin KG	Partner	No
	Commerzbank AG	Member of the Board of	Yes

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
		Managing Directors	
	Schaltbau Holding AG	Member of the Supervisory Board	Yes
	Verlagsgruppe Weltbild GmbH***	Member of the Supervisory Board	No
	Commerz Real Investmentgesellschaft mbH	Chairman of the Supervisory Board	No
	Hypothekenbank Frankfurt AG	Chairman of the Supervisory Board	Yes
	KG Allgemeine Leasing GmbH & Co.	Chairman of the Supervisory Board	No
	Commerzbank Auslandsbanken Holding AG	Member of the Supervisory Board	No
Agnieszka Słomka-Gołębiowska	Bank BPH	Member of the Supervisory Board, Member of Audit Committee and Member of Compensation Committee	No
Waldemar Stawski	ELCON – Zakład Rozwoju i Wdrożeń Elektrotechniki Przemysłowej Sp. z o.o.	Shareholder	Yes
	Infrastructure Investment Claims & Restructuring Sp. z o.o.	Member of the Supervisory Board	No
Wiesław Thor	SKOK Wołomin	Special Administrator	Yes
	mFaktoring*	Vice-chairman of the Supervisory Board	No
	mLeasing*	Member of the Supervisory Board	No
	mBank Hipoteczny*	Member of the Supervisory Board	No
	Dom Maklerski mBanku*	Member of the Supervisory Board	No
	Intermarket AG**	Member of the Supervisory Board	No
Marek Wierzbowski	Betacom S.A.	Member of the Supervisory Board	Yes
	Giełda Papierów Wartościowych w Warszawie S.A.	Deputy Chairman of the Supervisory Board	Yes
	Skyline Investments S.A.	Member of the Supervisory Board	Yes
	Polish American	Member of the Board	Yes

Name	Name of company	Position	Does the Supervisory Board member continue to serve in that capacity?
	Fulbright Commission European Law Institute	Member of the Board	Yes
	Prof. Marek Wierzbowski i Partnerzy Adwokaci i Radcowie Prawni Plantator S.A.	Partner Shareholder	Yes
		Member of the Supervisory Board	No
	Mebis TFI S.A.	Member of the Supervisory Board	No
	AXA PTE S.A.	Member of the Supervisory Board	No
	Ceramika Nowa Gala S.A.	Member of the Supervisory Board	No
	Novitus S.A.	Member of the Supervisory Board	No
	CITY INTERACTIVE S.A.	Member of the Supervisory Board	No
	Mostostal Zabrze Holding S.A.	Member of the Supervisory Board	No
	Polimex Mostostal S.A.	Member of the Supervisory Board	No

* Indicates mBank Subsidiary

** Indicates former mBank Subsidiaries.

*** This company filed for insolvency on 10 January 2014.

Source: the Bank

Other information on members of the Management and Supervisory Boards

In accordance with the declarations submitted by members of the Management and Supervisory Boards during the last five years, none of the members of the Management and Supervisory Boards have been in breach of their respective obligations as such members.

There are no family relations between members of the Management and Supervisory Boards.

The total remuneration paid to the members of the Management Board of the Bank (including former members of the Board) in 2014 and in 2013 was PLN 19,469,124 and PLN 19,092,559 respectively. The total remuneration paid to the members of the Supervisory Board of the Bank in 2014 and in 2013 was PLN 2,121,542 and PLN 2,370,528 respectively.

Except as described above, none of the members of the Management and Supervisory Boards has performed administrative, supervisory or managing roles in any other company or has conducted any activities, outside the Bank, of material significance to the Bank.

As at the date of this Base Prospectus, there are no conflicts of interest relating to responsibilities of members of the Management Board or Supervisory Board and their private interests or other obligations. As

at the date of this Base Prospectus, the Bank is not aware of any potential conflicts of interest relating to responsibilities of members of the Management Board or Supervisory Board and their private interests or other obligations.

There are no agreements or arrangements between the key shareholders of the Bank, its customers, suppliers or other entities based on which any member of the Management or Supervisory Boards was appointed to the Management Board or the Supervisory Board.

TAXATION

GENERAL

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence, establishment or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

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 must not be understood to be tax advice. It is based on the Polish tax laws and their interpretation in effect as of the date of this Base Prospectus which may be subject to changes. Such changes may also be retroactive and may negatively affect the tax treatment as described below. This description does not purport to be complete with respect to the tax information that may be relevant for investors due to their personal circumstances. Prospective buyers of the Notes are advised to consult their professional tax adviser regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of the Notes. The information provided below does not cover tax consequences concerning income tax exemptions applicable to specific taxable items or specific taxpayers (e.g. domestic or foreign investment funds). The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term, respectively, as understood in Polish tax law.

2. Taxation of Polish tax resident individuals (natural persons)

Under Article 3.1 of the Polish Personal Income Tax Act dated 26 July 1991, as amended (the **PIT Act**), natural persons are subject to tax on their worldwide income (revenues) regardless of the location of the source of such revenues (unlimited tax liability) if they have their place of residence in the territory of the Republic of Poland. A person whose place of residence is in the Republic of Poland is the natural person who:

- has his/her centre of personal or economic interests (centre of life interests) within the territory of the Republic of Poland; or
- is present in the territory of the Republic of Poland for more than 183 days in a tax year (Article 3.1a of the PIT Act).

2.1 Capital gains from disposal of the Notes

Capital gains from disposal of the Notes, derived by a Polish tax resident individual from the Notes held as non-business assets, are not cumulated with general income subject to progressive tax rates and are subject to 19 per cent. flat-rate tax. Additionally, no tax is withheld by a tax remitter, but the tax should be settled by the taxpayer by 30 April of the following year.

If an individual holds the Notes as a business asset, in principle, the income should be taxed in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent. progressive tax rate depending on the choice and certain conditions being met by the individual, should be settled by the individual himself/herself.

2.2 Withholding tax on interest (including discount) income

According to Article 30a.1.2 of the PIT Act, interest income, including discounts, derived by a Polish tax resident individual (as defined above) does not cumulate with general income subject to the progressive tax rate but is subject to 19 per cent. flat-rate tax.

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 in particular can provide other methods of withholding tax settlements.

Under Art. 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 19 per cent. Polish tax upon any interest payment. In practice, the obligation to withhold tax applies only to Polish interest payers and not foreign payers. Under the Art. 41.4d of the PIT Act, tax on interest or discount on securities is withheld by entities keeping securities accounts for taxpayers, in their capacity as tax remitters, if the income (revenue) is earned in the territory of Poland and is associated with the securities registered in these accounts, and, further, if relevant payments are made to the taxpayers through those entities. However, given that the interest on Notes may be classified as not earned in Poland and the term "person making the interest payment" is not precisely defined in the law, under some interpretations issued by the Polish tax authorities, in certain cases Polish banks or Polish brokerage houses maintaining securities accounts may refuse to withhold the tax based on the fact that they are acting only as an intermediary and therefore should not be obliged under Polish law to remit due tax. According to Article 45.3b 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.

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 Notes) registered in Polish 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. The tax is withheld on the date when an interest or discount payment is released to the omnibus account.

Under Art. 45.3c of the PIT Act, taxpayers are obliged to disclose the amount of interest (discount) on securities (including Notes) in the annual tax return if Notes were registered in an omnibus account and the taxpayer's identity was not revealed to the tax remitter.

If a Polish tax resident individual holds the Notes as a business asset, in principle, interest should not be subject to withholding tax but taxed in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent. progressive tax rate depending on the choice and certain conditions being met by the individual, should be settled by the individual himself/herself.

3. Taxation of a Polish tax resident corporate income taxpayer

A Polish tax resident, i.e. corporate income taxpayer having its registered office or place of management in Poland should be subject to 19 per cent. income tax on the Notes (both on any capital gain and on interest/discount) following the same principles as those which apply to any other income received from business activity. As a rule, for Polish income tax purposes, interest is recognised as taxable revenue on a cash basis, that is when it is received and not when it has accrued. In respect of capital gains, the cost of acquiring the Notes should be recognised at the time the revenue is achieved. The taxpayer independently (without the involvement of the tax remitter) settles tax on interest (discount) or capital gains on Notes, which is aggregated with other income derived from business operations conducted by the taxpayer.

4. Notes held by a non-Polish tax resident individual or corporate

Non-Polish tax residents are:

- natural persons if they do not have their place of residence in the territory of the Republic of Poland (Art. 3.2a of the Pit Act);
- corporate income taxpayers if they do not have its registered office or place of management in Poland Art. 3.2 of the Polish Corporate Income Tax Act dated 15 February 1992, as amended (the **CIT Act**).

These rules apply without prejudice to double taxation conventions signed by the Republic of Poland.

Non-Polish residents are subject to Polish income tax only on their income earned in Poland. Although there are no clear provisions of Polish tax law, if the Notes are issued by a foreign entity, in principle, interest should not be considered as having been earned in Poland. Capital gains should also not be considered as arising in Poland unless the securities are traded on a stock exchange in Poland (the Warsaw Stock Exchange). However, if the latter is the case, most of the tax treaties concluded by Poland provide for Polish tax exemption on capital gains earned in Poland by a foreign tax resident. In order to benefit from a tax treaty, a foreign investor should present a relevant certificate of its tax residency.

Guarantee payments made by the Guarantor to non-Polish tax resident individuals and corporates might be subject to domestic 20 per cent. withholding tax if they would be qualified as revenues from guarantee and surety supplies within the meaning of Art. 29.1.5 of the PIT Act or Art. 21.1.2a of the CIT Act. However, most of the tax treaties concluded by Poland provide for Polish tax exemption on such revenues earned in Poland by a foreign tax resident. In order to benefit from a tax treaty, the person making a payment qualified as above should receive a relevant tax residency certificate of the non-Polish tax resident individuals and/or corporates receiving the payment (other documents may be required in specific cases).

There is also a risk that certain payments (those corresponding to interest) made by the Guarantor are subject to Polish withholding tax if they were classified by the tax authorities as interest derived from Poland. If this were the case, domestic 19 per cent. (in case of non-resident individuals) or 20 per cent. (in case of non-resident corporates) withholding tax would apply unless the interest recipient benefitted from a reduced rate or an exemption under the relevant double tax treaty. In order to benefit from a reduced rate or an exemption under the relevant double tax treaty, the interest recipient would need to produce the relevant certificate of tax residency (other documents may be required in specific cases).

Moreover, with respect to the interest payments, the relevant provisions of Council Directive 2003/48/EC on the taxation of savings income may apply.

If a foreign recipient of income acts through a permanent establishment in Poland, to which the interest is related, as a matter of principle it should be treated in the same manner as a Polish tax resident.

5. PCC – Civil Law Activities Tax

PCC is levied on civil law transactions, such as a sale or exchange of rights, if such rights are exercisable in Poland or, if exercisable abroad and the acquirer is a Polish resident and the transaction is carried out in Poland. As a rule, given that the issuer is a non-Polish entity, the Notes should not be considered as rights exercisable in Poland.

Neither an issuance of Notes nor a redemption of Notes is subject to PCC.

PCC on the sale or exchange of Notes (which, as a rule are considered to be rights) is 1 per cent. of their market value. It is payable by the purchaser within 14 days after the sale or exchange agreement has been entered into. However, if such agreement has been entered into in notarial form, the tax due should be withheld and paid by the notary public. PCC on sale of the Notes is payable by the entity acquiring the Notes. In the case of exchange agreements, PCC should be payable by both parties jointly and severally.

However, the sale of the Notes: (i) to investment firms or foreign investment firms, (ii) made with the intermediation of investment firms or foreign investment firms; (iii) made on an organised market, or (iv) made outside an organised market by investment firms or foreign investment firms if the proprietary rights were acquired by those firms on an organised market, is exempt from PCC, as defined in the Act on Trading in Financial Instruments.

6. Remitter's liability

Under Art. 30.1 of the Tax Ordinance dated 29 August 1997, as amended, a remitter which has not carried out its obligation to calculate and withhold due tax from a taxpayer, and to transfer the appropriate amount of tax to a relevant tax office, is liable for tax not withheld or tax withheld but not transferred to a relevant tax office. The remitter is liable for those obligations with all of its assets. The provisions on the remitter's liability do not apply only if separate provisions provide otherwise or if the tax has not been withheld due to the taxpayer's fault.]

LUXEMBOURG

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(e) Non-resident holders of Notes

Under Luxembourg general tax laws currently, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Luxembourg has abolished the withholding system with effect from 1 January 2015, in favour of automatic information exchange under Council Directive 2003/48/EC on the taxation of savings income.

(f) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the laws of 21 June 2005 implementing Council Directive 2003/48/EC on the taxation of savings income and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**)) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law will be subject to a withholding tax at a rate of 10 per cent.

FRANCE

The following is a summary limited to certain French tax considerations relating to the Notes that may be issued under the Programme and specifically contains information on withholding taxes applicable to payments made under the Notes. Each prospective holder or beneficial owner of Notes should consult its tax adviser as to the tax consequences of any investment in or ownership and disposition of the Notes.

Withholding tax

Following the introduction of the French *loi de finances rectificative pour 2009 n°3* (n°2009-1674 dated 30 December 2009) (the **Law**), payments of interest and other revenues made by the Issuer with respect to Notes issued on or after 1 March 2010 are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**). If such payments under the Notes are made in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, according to Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes are not deductible from the Issuer's taxable income if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid in such a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts*, at a rate of 30 per cent. or 75 per cent. (subject to the more favourable provisions of an applicable tax treaty).

Notwithstanding the foregoing, the Law provides that neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the Deductibility Exclusion will apply in respect of an issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-RPPM-RCM-30-10-20-40, n°70, 2014.02.11-20120912 and its annex BOI-ANNX-000364-20120912, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L. 411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L. 561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Reporting obligations under the EU Savings Directive

Council Directive 2003/48/EC on the taxation of savings income has been implemented into French law by Article 242 *ter* of the French *Code général des impôts* and Articles 49 I *ter* to 49 I *sexies* of the Schedule III to French *Code général des impôts*. Article 242 *ter* of the French *Code général des impôts* imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

AUSTRIA

1. General Information

The following is a brief summary of certain Austrian tax aspects in connection with the Notes. It does not claim to fully describe all Austrian tax consequences of the acquisition, ownership, disposition or redemption of the Notes. In some cases a different tax regime may apply. Further, this summary does not take into account the tax laws of any country other than Austria nor does it take into account the investors' individual circumstances or any special tax treatment applicable to the investor and it only addresses tax law aspects relevant for private investors, unless explicitly stated otherwise.

It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors are advised to consult their own professional advisers to obtain further information about the tax consequences of the acquisition, ownership, disposition or redemption of the Notes. Only personal advisers are in a position to adequately take into account special tax aspects of the particular Notes in question as well as the investor's personal circumstances and any special tax treatment applicable to the investor.

This summary is based on Austrian law as in force when drawing up this Base Prospectus. The following summary describes the tax laws to be applied to the Notes acquired against consideration. In addition a new tax regime for foreign investors has entered into force on 1 January 2015. In relation to the new tax laws, there is currently neither case law nor a secure practice applied by paying agents and/or securities account keeping agents and as a result deviations may result from the factual implementation and practice as, compared to the legal situation described herein. Prospective investors are therefore explicitly advised to consult their own professional advisers to obtain further information about the tax consequences of the acquisition, ownership, disposition, exchange, exercise, settlement or redemption of the Notes.

In this analysis, Austrian legal concepts are expressed in English terms and not in the original German terms. The Austrian legal concepts concerned may not be identical to the concepts expressed in English terms. Therefore, this analysis may only be relied upon under the express

condition that any issues of interpretation will be governed and construed solely in accordance with Austrian law as interpreted by the Austrian courts.

The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect. It cannot be ruled out that Austrian tax authorities adopt a view different from that outlined below.

Tax considerations relevant to prospective holders of Notes which are subject to a special tax regime such as for example governmental authorities, charities, private foundations (*Privatstiftungen*) or investment or pension funds are not addressed herein.

This summary does not describe the tax consequences for a holder of Notes that are redeemable in exchange for, or convertible into, shares or other securities or rights or which in any other way provide for physical settlement, of the exchange, exercise, physical settlement or redemption of such Notes and/or any tax consequences after the moment of exchange, exercise, physical settlement or redemption. For the purposes of the following it is assumed that the Notes are offered to the public (undefined circle of addressees) from a legal and factual perspective.

2. Austrian resident taxpayers

Income derived by individuals or corporations resident in Austria is taxable pursuant to the Austrian Income Tax Act (*Einkommensteuergesetz*) or the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*). Individuals having a domicile or their habitual abode in Austria or corporations having their corporate seat or their place of management in Austria are considered residents for Austrian income and corporate income tax law purposes, respectively.

3. Individuals

Not only interest amounts (*Zinserträge*) but also realised capital gain (*Einkünfte aus realisierten Wertsteigerungen*) will, irrespective of the period of time the Notes have been held for, qualify as investment income (*Einkünfte aus Kapitalvermögen*) and be subject to income tax at a special rate of 25 per cent. Realised capital gains are the difference between (a) the amount realised (e.g., the sale proceeds, the redemption or other pay-off amount, or the fair market value in case of a deemed realisation) and (b) the acquisition costs, in each case (amount realised and acquisition costs) including accrued interest, if any. There will be no more withholding tax credits upon the purchase of Notes.

Expenses and costs (*Aufwendungen und Ausgaben*) which are directly connected with income subject to the special tax rate of 25 per cent. are not deductible. For Notes held as private assets, the acquisition costs shall not include ancillary acquisition costs (*Anschaffungsnebenkosten*). For the calculation of the acquisition costs of Notes held within the same Notes account and having the same Notes identification number but which are acquired at different points in time, the floating average price (*gleitender Durchschnittspreis*) shall apply.

If an Austrian custodian (*inländische depotführende Stelle*) or an Austrian paying agent (*inländische auszahlende Stelle*) is involved and settles the realisation of the realised capital gain, the income tax will be deducted by applying a 25 per cent. withholding tax. The same (withholding tax of 25 per cent.) applies to interests if an Austrian paying agent is involved. The 25 per cent. withholding tax deduction will result in a final income taxation (*Endbesteuerungswirkung*) for private investors (holding the Notes as private assets) provided that the investor has evidenced the factual acquisition costs of the Notes to the custodian. Certain exceptions may apply (in particular for investors whose regular personal income tax rate is lower than 25 per cent. - see details below). Regarding Notes held as a business asset, the withholding tax on capital gains is not a final taxation.

To the extent that no withholding tax deduction will be effected due to the lack of an Austrian paying agent and of an Austrian custodian, the investment income derived from the Notes will have to be included in an income tax return in line with the provisions of the Austrian Income Tax Act. Such investment income will be also subject to income tax at a special rate of 25 per cent. Expenses and costs (*Aufwendungen und Ausgaben*) which are directly connected with such investment income are also not deductible.

Withdrawals (*Entnahmen*) and other transfers of Notes from the securities account will be treated as disposals (sales) unless specific exemptions are fulfilled such as the transfer of the Notes to a securities account owned by the same taxpayer (i) with the same Austrian bank, (ii) with another Austrian bank if the account holder has instructed the transferring bank to disclose the acquisition costs to the receiving bank or (iii) with a non-Austrian bank, if the account holder has instructed the transferring bank to transmit the pertaining information to the competent tax office or has himself notified the competent Austrian tax office within a month; or like a transfer without consideration to a securities account held by another taxpayer, if the fact that the transfer has been made without consideration has been evidenced to the securities account keeping agent or the agent has been instructed to inform the Austrian tax office thereof or if the taxpayer has himself notified the competent Austrian tax office within a month. Special rules apply if a taxpayer transfers his residence outside of Austria (exit taxation with the option for deferred taxation in the case of a transfer to an EU member state or certain member states of the European Economic Area).

Taxpayers, whose regular personal income tax is lower than 25 per cent. may opt for taxation of the income derived from the Notes at such regular personal income tax rate. Such application for opting into taxation at the regular personal income tax rate must, however, include all investment income subject to the special 25 per cent. tax rate. The tax withheld will then be credited against the income tax. Expenses in connection with income subject to final taxation or to the special 25 per cent. income tax rate and incurred by the investor are also not deductible for persons having opted for taxation at the regular personal income tax rate.

Losses from Notes held as private assets may only be set-off against certain other investment income (excluding, inter alia, interest income from bank deposits and other claims against banks) and must not be set off against any other income.

The loss off-setting is conducted on an on-going basis by the custodian with respect to all income and losses that are realised in all custodian accounts managed by such custodian.

For income derived from Notes which have not been offered to the public (undefined circle of addressees) from a legal and factual perspective, the general income tax rate (instead of the special rate of 25 per cent.) will apply.

Generally, the same rules apply regarding Notes that are held as business assets by tax residents who are individuals. The most important differences are the following:

Income derived from the Notes which are held as business assets will also be subject to the special tax rate of 25 per cent. deducted by way of a withholding tax. However, realised capital gains, contrary to interest income, have to be included in the tax return; no final taxation applies. The special rate of 25 per cent. does not apply if the main focus of the entity's operating activity is the achieving of realised capital gains. The tax withheld will be credited against the income tax.

For Notes held as business assets, the acquisition costs shall also include ancillary acquisition costs (*Anschaffungsnebenkosten*).

Write-downs to the going-concern value and losses derived from the sale, redemption or other pay-off of Notes held as business assets must primarily be set off against positive income from realised

capital gains and write-ups of financial instruments and only half of the remaining loss may be set off or carried forward against any other income.

4. Corporations

Corporate investors deriving business income from the Notes may avoid the application of Austrian withholding tax by filing a declaration of exemption (*Befreiungserklärung*) with the Austrian entity obliged to deduct the Austrian withholding tax. Income including any capital gain derived from the Notes by corporate investors is subject to Austrian corporate income tax at the general rate of 25 per cent.

There is, inter alia, a special tax regime for Private Foundations established under Austrian law (*Privatstiftungen*).

5. Certain aspects of the tax treatment of certain Notes

Any income and capital gain from the sale or redemption of Notes acquired against consideration will be subject to income tax of 25 per cent. and the tax will be deducted by way of a withholding tax if an Austrian paying agent or custodian is involved.

Zero Coupon Notes will, as other notes, fall within the taxation regime for investment income: the difference between the sales price or the redemption amount, as the case may be, and the acquisition costs, including accrued interest if any, will be subject to the 25 per cent., withholding tax if paid out by an Austrian custodian or paying agent.

If held as business assets, interest paid upon redemption of the Zero Coupon Notes is not subject to final taxation, but taxed like capital gains (for the taxation of capital gains of the Notes held as business assets see the description above).

6. Non-residents

On 28 February 2014 the revised Tax Amendment Act 2014 (*Abgabenänderungsgesetz 2014*) and on 29 December 2014 the revised 2. Tax Amendment Act 2014 (*2. Abgabenänderungsgesetz 2014*) was published. The taxation of non-residents from 1 January 2015 has been amended.

As long as neither the Issuer nor the Guarantor has its registered seat (*Sitz*) or place of management (*Ort der Geschäftsleitung*) in Austria and is not otherwise deemed to be resident in Austria for Austrian tax law purposes and neither of them has a branch office (*Zweigstelle*) in Austria, income, including any capital gains derived, from the Notes by individuals who do not have a domicile or their habitual abode in Austria (non-residents) is not taxable in Austria unless the income is attributable to a permanent establishment or other Austrian source income taxable in Austria (for withholding tax under the Council Directive 2003/48/EC on the taxation of savings income, see paragraph 7 below).

Income, including any capital gain derived from the Notes by corporate investors who do not have their corporate seat or their place of management in Austria (non-residents), is not taxable in Austria provided that the income is not attributable to a permanent establishment or other Austrian source income taxable in Austria.

7. EU Council Directive On Taxation Of Savings Income

The European Council Directive 2003/48/EC on taxation of savings income in the form of interest payments provides for an exchange of information between the authorities of EU Member States regarding interest payments made in one Member State to beneficial owners who are individuals and resident for tax purposes in another Member State of the European Union or certain dependent associated territories.

Austria has implemented the Directive by way of the EU Withholding Tax Act (*EU Quellensteuergesetz*) which provides for a withholding tax rather than for an exchange of information. Such EU withholding tax will be levied on interest payments within the meaning of the EU Withholding Tax Act made by a paying agent located in Austria to an individual resident for tax purposes in another Member State. The EU withholding tax amounts to 35 per cent.

Withholding tax will be deducted upon actual or deemed interest payments as well as upon the sale, refund or redemption of debt claims. Further, withholding tax will be deducted - on a pro rata temporis basis - in the event of changes in the individual's withholding tax status, such as changes of his country of residence or the transfer of his securities to a non-Austrian account.

Deduction of EU withholding tax can be avoided if the EU-resident investor provides the paying agent with a certificate drawn up in his name by the tax office of his Member State of residence. Such certificate must indicate, inter alia, the name and address of the paying agent and the account number of the investor or the identification of the Notes (Section 10 EU Withholding Tax Act).

The scope of the definition of interest payments for EU withholding tax purposes may differ from the scope of interest payments for Austrian income and withholding tax purposes. For example, under certain conditions and subject to the guidelines and information issued by the Austrian Ministry of Finance income from share linked notes, index linked notes or fund linked notes may not be considered as interest for EU withholding tax purposes for so long as it constitutes interest for Austrian tax purposes.

It is expected that changes to the EU Withholding Tax Act – implementing Council Directive 2014/48/EU of 24 March 2014 amending European Council Directive 2003/48/EU on taxation of savings income in the form of interest payments – will enter into effect by 1 January 2017.

8. Tax treaties Austria/Switzerland and Austria/Liechtenstein

On 1 January 2013 the Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets entered into force. A similar treaty between the Republic of Austria and the Principality of Liechtenstein has been applicable since 1 January 2014. These treaties provide that a Swiss or a Liechtenstein paying agent has to withhold a tax amounting to 25 per cent, on, *inter alia*, interest income, dividends and capital gains from assets booked with an account or deposit of such Swiss or a Liechtenstein paying agent, respectively, or managed by a Swiss or a Liechtenstein paying agent, respectively, if the relevant holder of such assets (*i.e.* in general individuals on their own behalf and as beneficial owners of assets held by a domiciliary company (*Sitzgesellschaft*)) is tax resident in Austria. For Austrian income tax purposes the withholding tax has the effect of final taxation regarding the underlying income if the Austrian Income Tax Act provides for the effect of final taxation for such income. The treaties, however, do not apply to interest covered by the agreements between the European Community and the Swiss Confederation or a Liechtenstein, respectively, regarding Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss or a Liechtenstein paying agent, respectively, to disclose to the competent Austrian authority the income and capital gains; these subsequently have to be included in the income tax return.

9. Other taxes

No Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) is in effect. However, according to the Gift Notification Act 2008 (*Schenkungsmitteilungsgesetz 2008*) gifts have to be notified to the tax authorities within a three-month notification period. There are certain exemptions from such notification obligation, e.g. for gifts among relatives that do not exceed an aggregate amount (of gifts between the same persons) of €50,000 per year or gifts among unrelated persons that do not exceed an aggregate amount (of gifts between the same persons) of €15,000 within five years. Intentional violation of the notification obligation may trigger fines of up to 10 per cent. of the fair market value of the assets transferred.

The sale and purchase of bearer securities is in general not subject to Austrian stamp duty provided that no other transaction potentially taxable under the Austrian Stamp Duty Act (*Gebührengesetz*) such as an assignment of rights (*Zession*) is entered into for which a document (*Urkunde*) within the meaning of the Stamp Duty Act is executed.

GERMANY

1. Income tax

(a) Notes held by tax residents as private assets

Taxation of interest

Payments of interest on the Notes to Holders who are tax residents of Germany (i.e., persons whose residence or habitual abode is located in Germany) are subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable. If coupons or interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of coupons or interest claims if the Note is disposed of separately.

On payments of interest on the Notes to individual tax residents of Germany income tax is generally levied as a flat income tax at a rate of 25 per cent. (plus solidarity surcharge in an amount of 5.5 per cent. of such tax, resulting in a total tax charge of 26.375 per cent., plus, if applicable, church tax). The total investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly), not by a deduction of expenses actually incurred.

If the Notes are held in a custodial account which the Holder maintains with a German branch of a German or non-German bank or financial services institution or with a securities trading business or bank in Germany (the **Disbursing Agent**) the flat income tax will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent.

In general, no withholding tax will be levied if the Holder is an individual (i) whose Note does not form part of the property of a trade or business and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Holder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

If no Disbursing Agent (as defined above) is involved in the payment process the Holder will have to include its income on the Notes in its tax return and the flat income tax of 25 per cent. plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

Taxation of capital gains

From 1 January 2009, also capital gains realised by individual tax residents of Germany from the disposition or redemption of the Notes acquired after 31 December 2008 will be subject to the flat income tax on investment income at a rate of 25 per cent. (plus solidarity surcharge in an amount of 5.5 per cent. of such tax, resulting in a total tax charge of 26.375 per cent., plus, if applicable, church tax), irrespective of any holding period. This will also apply to Notes on which the principal is effectively repaid in whole or in part although the repayment was not guaranteed.

If the Notes are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) the flat income tax will be levied by way of withholding from the difference between the redemption amount (or the proceeds from the disposition) and the issue price (or the purchase price) of the Notes. If the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, and no evidence on the acquisition data has been provided to the new Disbursing Agent by the Disbursing Agent which previously kept the Notes in its custodial account, withholding tax will be levied on 30 per cent. of the proceeds from the disposition or redemption of the Notes.

If no Disbursing Agent is involved in the payment process the Holder will have to include capital gains from the disposition or redemption of the Notes in its tax return and the flat income tax of 25 per cent. plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

(b) Notes held by tax residents as business assets

Payments of interest on Notes and capital gains from the disposition or redemption of Notes held as business assets by German tax resident individuals or corporations (including via a tax transparent partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge and, if applicable, church tax). The interest and capital gain will also be subject to trade tax if the Notes form part of the property of a German trade or business.

If the Notes are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) tax at a rate of 25 per cent. (plus a solidarity surcharge of 5.5 per cent. of such tax and, if applicable, church tax) will also be withheld from interest payments on Notes and (since 1 January 2009) generally also from capital gains from the disposition or redemption of Notes held as business assets. In these cases the withholding tax does not satisfy the income tax liability of the Holder, as in the case of the flat income tax, but will be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge (and, if applicable, against the church tax) of the Holder.

With regard to capital gains no withholding will generally be required in the case of Notes held by corporations resident in Germany, provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office, and upon application in the case of Notes held by individuals or partnerships as business assets.

(c) Notes held by non-residents

Interest and capital gains are not subject to German taxation in the case of non-residents, i.e. persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in Germany, unless the Notes form part of the business property of a permanent establishment maintained in Germany. Interest may, however, also be subject to German income tax if it otherwise constitutes income taxable in Germany, such as income from the letting and leasing of certain German situs property or income from certain capital investments directly or indirectly secured by German situs real estate.

Non-residents of Germany are in general exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon. However, if the interest or capital gain is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent (as defined above), withholding tax will be levied as explained above at "*Notes held by tax residents as business assets*" or at "*Notes held by tax residents as private assets*", respectively.

2. Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Note will generally arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

3. Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

THE NETHERLANDS

1. General

The following is a general summary of certain Dutch tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their tax advisers with regard to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Dutch national tax legislation and published regulations, whereby Dutch refers to the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

2. Withholding tax

All payments of principal and/or interest made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

3. Taxes on income and capital gains

Please note that the summary in this section does not describe the Dutch tax consequences for:

- (a) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in the Issuer under the Dutch income tax act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in the Dutch income tax act 2001), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5 per cent. or more of the company's annual profits and/or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non recognition basis;
- (b) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Dutch corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*)) and other entities that are, in whole or in part, not subject to or exempt from Dutch corporate income tax; and
- (c) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holder (as defined in the Dutch income tax act 2001).

4. Corporate Dutch resident taxpayers

Generally speaking, if the holder of a Note is an entity that is a resident or deemed to be resident of the Netherlands for Dutch corporate income tax purposes, any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes (any such payment, gain or loss generally includes currency exchange results in respect of Notes that are not denominated in the Euro) is subject to Dutch corporate income tax at a rate of 25 per cent. (a corporate income tax rate of 20 per cent. applies with respect to taxable profits up to €200,000).

5. Individual Dutch resident taxpayers

If a holder of a Note is an individual, resident or deemed to be resident of the Netherlands for Dutch income tax purposes (including the non resident individual holder who has made an election for the application of the rules of the Dutch income tax act 2001 as they apply to residents of the Netherlands), any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum rate of 52 per cent.), if:

- (a) the Notes are attributable to an enterprise from which the holder of the Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net

worth (*medegerechtigd to het vermogen*) of such enterprise, without being a shareholder, as defined in the Dutch income tax act 2001; or

- (b) the holder of a Note is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are (otherwise) taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above mentioned conditions (a) and (b) do not apply to the individual holder of a Note, such holder will be taxed annually on a deemed income of 4 per cent. of his/her net investment assets for the year at an income tax rate of 30 per cent. The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available. Actual income, gains or losses in respect of the Notes are not subject to Dutch income tax.

UNITED KINGDOM

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs (**HMRC**) practice relating only to United Kingdom withholding tax treatment of payments of interest in respect of the Notes. It does not deal with any other United Kingdom taxation implication of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Payment of Interest on the Notes

Payments of interest on the Notes that does not have a United Kingdom source may be made without withholding on account of United Kingdom income tax.

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other jurisdictions.

EU SAVINGS DIRECTIVE

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal

arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a **foreign financial institution**, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **grandfathering date**, which will be the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and France have entered into an agreement (the **US-France IGA**) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-France IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. If the Issuer becomes a Participating FFI, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating

FPI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor, any paying agent and the Common Depositary or Common Safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Comissions Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Comissions Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Comissions Proposal current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

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 14 March 2014, agreed with the Issuer and the Guarantor 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 (failing which, the Guarantor) 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

United States

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 this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes 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 a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is 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 will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any 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 this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes in any Relevant 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;
- the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and
- the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Dealer has severally represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (**FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 or the Guarantor; and
- (c) 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

This Base Prospectus has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

Each of the Dealers and the Issuer has severally represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) **Offer to the public in France:**

It has only made and will only make an offer of Notes to the public in France following the notification of the approval of this Base Prospectus to the *Autorité des marchés financiers* (**AMF**) by the *Commission de Surveillance du Secteur Financier* and in the period beginning on the date of publication of the Final Terms relating to the offer of Notes and ending at the latest on the date which is 12 months after the date of the approval of this Base Prospectus by the *Commission de Surveillance du Secteur Financier*, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or

(b) **Private placement in France:**

It has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, and D.411-1 of the French *Code monétaire et financier*.

Republic of Italy

The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify either (i) which of the below two options apply, or (ii) whether the Italian selling restriction is deemed not applicable.

(A) No sales into Italy

No Notes may be offered, sold or delivered, nor may copies of the Base Prospectus, the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) or of any other document relating to the Notes be distributed in the Republic of Italy.

(B) Sales into Italy subject to certain requirements

Upon prior compliance of the relevant licensing the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) 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 the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

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, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor 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.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer dated 28 March 2012 and the update of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 16 February 2015. The giving of the Guarantee was duly authorised by a resolution of the Board of Directors of the Guarantor dated 11 March 2014.

Any issue of Notes by the Issuer will, to the extent that such Notes constitute *obligations* under French law, require prior authorisation of the *Conseil d'administration* (Board of Directors) of the Issuer. The *Conseil d'administration* (Board of Directors) may delegate, for a period of one year from the date of such authorisation to the *Président-Directeur Général*, the powers which are required for the implementation of the issue of *obligations* and for the determination of the terms and conditions of the *obligations*.

By a resolution passed on 16 February 2015, the *Conseil d'administration* (Board of Directors) of the Issuer has, in accordance with Article L.228-40 of the *Code de Commerce*, delegated to its *Président-Directeur Général*, Mr. Oliver Köpke all powers to issue Notes in the form of *obligations* up to a maximum aggregate amount of Euro 3,000,000,000 and to determine their terms and conditions.

To the extent that Notes to be issued by the Issuer do not constitute *obligations*, their issues will fall within the general authority of the *Président-Directeur Général* of the Issuer or any other duly authorised person acting by delegation.

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 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 the Markets in Financial Instruments Directive (Directive 2004/39/EC). The listing of the Programme in respect of Notes is expected to be granted on 24 March 2015.

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 in Luxembourg:

- (a) the constitutional documents (with an English translation thereof) of the Issuer and the constitutional documents (with an English translation thereof) of the Guarantor;
- (b) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2013 and 31 December 2014 in both French and English, together with the audit reports prepared in connection therewith. The Issuer currently prepares audited standalone financial statements on an annual basis but not on a semi-annual basis;
- (c) the audited consolidated financial statements of the Group in respect of the financial years ended 31 December 2013 and 31 December 2014 (with an English translation thereof). The Guarantor

currently prepares audited consolidated and standalone financial statements on an annual basis as well as unaudited consolidated and standalone financial statements on a semi-annual basis and unaudited unconsolidated financial statements on a quarterly basis;

- (d) the most recently published audited annual financial statements of the Issuer and the Guarantor and the most recently published unaudited semi-annual financial statements (if any) of the Issuer and the Guarantor (in each case with an English translation thereof), together with any audit or review reports prepared in connection therewith);
- (e) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (f) a copy of this Base Prospectus;
- (g) any future Base Prospectuses, prospectuses, information memoranda, supplements, Final Terms and 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
- (h) 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).

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 and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.

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, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer, the Guarantor and the Group taken as a whole since 31 December 2014 and there has been no material adverse change in the prospects of the Issuer, the Guarantor and the Group taken as a whole since 31 December 2014.

Litigation

Save as disclosed in the Base Prospectus at pages 165 to 168, neither the Issuer, the Guarantor nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and the Guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor or any member of the Group.

Auditors

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k, with its registered office in Warsaw (00-124 Warszawa, ul. Rondo ONZ 1), audited the consolidated financial statements of the Group for each of the two financial years ended 31 December 2013 and 31 December 2014 and issued an unqualified auditor's opinion on the aforementioned financial statements. Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k audited the standalone financial statements of the Bank for the each of the two financial years ended 31 December 2013 and 31 December 2014 and issued an unqualified opinion on the aforementioned financial statements. The standalone financial statements audited by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k are not incorporated into this Base Prospectus by reference.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k is registered in the register of auditors held by the National Chamber of Statutory Auditors under No. 130. On behalf of Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k, the consolidated financial statements of the Group for each of the two years ended 31 December 2013 and 31 December 2014 were audited by [Dominik Januszewski (certified auditor, licence No. 9707).] [*Please confirm Auditor*]

Ernst & Young et Autres, with its registered office in Courbevoie (1-2, place des Saisons, 92400 Courbevoie) audited the standalone financial statements of the Issuer for each of the two financial years ended 31 December 2013 and 31 December 2014 and issued an unqualified auditor's opinion on the aforementioned financial statements. Ernst & Young et Autres is registered in the register held by the National Society of Auditors under No. 900 900 39. On behalf of Ernst & Young et Autres, the standalone financial statements of the Issuer for each of the two years ended 31 December 2013 and 31 December 2014 were audited by [Claire Rochas.] [*Please confirm Auditor*]

Dealers transacting with the Issuer and the Guarantor

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, the Guarantor and their 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.

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To the Issuer

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