



**mBank S.A.**

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

**€3,000,000,000**

**Euro Medium Term Note Programme**

This supplement (the **Supplement**) constitutes a first supplement to the Base Prospectus dated 17 May 2018 (the **Base Prospectus**) and must be read in conjunction with the Base Prospectus prepared by mBank S.A. (the **Issuer**) with respect to this €3,000,000,000 Euro Medium Term Note Programme (the **Programme**). All capitalised terms used but not defined herein shall have the meaning ascribed to such term in the Base Prospectus.

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

**Purpose of the Supplement**

The purpose of this Supplement is to: (a) incorporate by reference the Issuer's IFRS Unaudited Condensed Consolidated Financial Statements for the first half of 2018 ended 30 June 2018 (the Group IFRS Condensed Consolidated Financial Statements); (b) update selected financial information in order to include the Group IFRS Condensed Consolidated Financial Statements; (c) update information on the Group's key financial ratios and (d) amend the Terms and Conditions of the Notes and the Summary of the Programme included in the Base Prospectus provided that the amendments included in this Supplement shall only apply in respect of any Notes issued on or after the approval of this Supplement.

### **Documents incorporated by Reference**

The Issuer published the Group IFRS Condensed Consolidated Financial Statements on 31 July 2018. A copy of the Group IFRS Condensed Consolidated Financial Statements has been filed with the CSSF and, by virtue of this Supplement, the Group IFRS Condensed Consolidated Financial Statements are incorporated by reference in, and form part of, the Base Prospectus, including the following pages in particular:

<b>Sections</b>	<b>Pages</b>
Selected financial data	page 4
Consolidated income statement	page 5
Consolidated statement of comprehensive income	page 6
Consolidated statement of financial position	page 7
Consolidated statement of changes in equity	pages 8-9
Consolidated statement of cash flows	page 10
Explanatory notes to the condensed consolidated financial statements	pages 11-71
Selected explanatory information	pages 72-83

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.

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

### **General Information**

There has been no significant change in the financial position of the Issuer and the Group since 30 June 2018 and there has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2017.

### **Summary of the Programme**

The Group IFRS Condensed Consolidated Financial Statements published on 31 July 2018 update selected financial information on pages 13-17 of the summary of the Base Prospectus under the

heading “Selected historical key financial information of the Group” in Element B.12, which is hereby replaced with the following:

<b>B.12</b>	<p>Selected historical key financial information of the Group:</p> <p><b><i>Consolidated Income Statements</i></b></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 2017 and 31 December 2016:</p> <table border="0"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;"><b>Year ended 31 December</b></th> </tr> <tr> <th></th> <th style="text-align: center;"><b>2017</b></th> <th style="text-align: center;"><b>2016</b></th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;"><i>(PLN thousands)</i></th> </tr> </thead> <tbody> <tr> <td>Net interest income</td> <td style="text-align: right;">3,135,660</td> <td style="text-align: right;">2,832,843</td> </tr> <tr> <td>Net fee and commission income</td> <td style="text-align: right;">992,158</td> <td style="text-align: right;">906,445</td> </tr> <tr> <td>Trading and other income*</td> <td style="text-align: right;">325,743</td> <td style="text-align: right;">556,066</td> </tr> <tr> <td><b>Total income**</b></td> <td style="text-align: right;"><b>4,453,561</b></td> <td style="text-align: right;"><b>4,295,354</b></td> </tr> <tr> <td>Overhead costs and Amortization</td> <td style="text-align: right;">(2,043,168)</td> <td style="text-align: right;">(1,963,284)</td> </tr> <tr> <td>Net impairment losses on loans and advances</td> <td style="text-align: right;">(507,721)</td> <td style="text-align: right;">(365,394)</td> </tr> <tr> <td><b>Operating profit</b></td> <td style="text-align: right;"><b>1,902,672</b></td> <td style="text-align: right;"><b>1,966,676</b></td> </tr> <tr> <td>Taxes on the Group balance sheet items</td> <td style="text-align: right;">(375,256)</td> <td style="text-align: right;">(328,939)</td> </tr> <tr> <td><b>Profit before income tax</b></td> <td style="text-align: right;"><b>1,572,902</b></td> <td style="text-align: right;"><b>1,637,737</b></td> </tr> <tr> <td>Income tax expense</td> <td style="text-align: right;">(432,832)</td> <td style="text-align: right;">(415,513)</td> </tr> <tr> <td><b>Net profit</b></td> <td style="text-align: right;"><b>1,095,070</b></td> <td style="text-align: right;"><b>1,222,224</b></td> </tr> <tr> <td><b>Net profit attributable to:</b></td> <td></td> <td></td> </tr> <tr> <td><b>Owners of mBank S.A.</b></td> <td style="text-align: right;"><b>1,091,530</b></td> <td style="text-align: right;"><b>1,219,282</b></td> </tr> <tr> <td>Non-controlling interests</td> <td style="text-align: right;">3,540</td> <td style="text-align: right;">2,942</td> </tr> </tbody> </table> <p><i>Source: Consolidated Financial Statements</i></p> <p>* incl. Dividend income, Net trading income, Gains less losses from investment securities, investments in subsidiaries and associates, the share in the profits (losses) of joint ventures and Other operating income less Other operating expenses.</p> <p>** Defined as a sum of Net interest income, Net fee and commission income and Trading and other income</p> <p><b><i>Consolidated Statements of Financial Position</i></b></p> <p>The table below sets out summary information extracted from the Group's audited consolidated statements of financial position as at 31 December 2017 and 31 December 2016:</p> <table border="0"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;"><b>Year ended 31 December</b></th> </tr> <tr> <th></th> <th style="text-align: center;"><b>2017</b></th> <th style="text-align: center;"><b>2016</b></th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;"><i>(PLN thousands)</i></th> </tr> </thead> <tbody> <tr> <td><b>ASSETS</b></td> <td></td> <td></td> </tr> <tr> <td>Cash and balances with the Central Bank</td> <td style="text-align: right;">7,384,869</td> <td style="text-align: right;">9,164,281</td> </tr> <tr> <td>Loans and advances to banks</td> <td style="text-align: right;">1,707,722</td> <td style="text-align: right;">3,082,855</td> </tr> <tr> <td>Trading securities</td> <td style="text-align: right;">1,525,382</td> <td style="text-align: right;">3,800,634</td> </tr> <tr> <td>Derivative financial instruments</td> <td style="text-align: right;">1,236,303</td> <td style="text-align: right;">1,808,847</td> </tr> <tr> <td>Loans and advances to customers</td> <td style="text-align: right;">84,475,844</td> <td style="text-align: right;">81,763,277</td> </tr> <tr> <td>Investment securities</td> <td style="text-align: right;">32,144,699</td> <td style="text-align: right;">31,393,352</td> </tr> </tbody> </table>		<b>Year ended 31 December</b>			<b>2017</b>	<b>2016</b>		<i>(PLN thousands)</i>		Net interest income	3,135,660	2,832,843	Net fee and commission income	992,158	906,445	Trading and other income*	325,743	556,066	<b>Total income**</b>	<b>4,453,561</b>	<b>4,295,354</b>	Overhead costs and Amortization	(2,043,168)	(1,963,284)	Net impairment losses on loans and advances	(507,721)	(365,394)	<b>Operating profit</b>	<b>1,902,672</b>	<b>1,966,676</b>	Taxes on the Group balance sheet items	(375,256)	(328,939)	<b>Profit before income tax</b>	<b>1,572,902</b>	<b>1,637,737</b>	Income tax expense	(432,832)	(415,513)	<b>Net profit</b>	<b>1,095,070</b>	<b>1,222,224</b>	<b>Net profit attributable to:</b>			<b>Owners of mBank S.A.</b>	<b>1,091,530</b>	<b>1,219,282</b>	Non-controlling interests	3,540	2,942		<b>Year ended 31 December</b>			<b>2017</b>	<b>2016</b>		<i>(PLN thousands)</i>		<b>ASSETS</b>			Cash and balances with the Central Bank	7,384,869	9,164,281	Loans and advances to banks	1,707,722	3,082,855	Trading securities	1,525,382	3,800,634	Derivative financial instruments	1,236,303	1,808,847	Loans and advances to customers	84,475,844	81,763,277	Investment securities	32,144,699	31,393,352
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Other assets*	2,949,200	2,730,256
<b>Total assets</b>	<b>131,424,019</b>	<b>133,743,502</b>
<b>LIABILITIES &amp; EQUITY</b>		
Amounts due to other banks	5,073,351	8,486,753
Derivative financial instruments	1,095,365	1,599,266
Amounts due to customers	91,496,027	91,417,962
Debt securities in issue	14,322,852	12,660,389
Subordinated liabilities	2,158,143	3,943,349
Other liabilities**	2,986,725	2,584,622
<b>Total liabilities</b>	<b>117,132,463</b>	<b>120,692,341</b>
<b>Total equity</b>	<b>14,291,556</b>	<b>13,051,161</b>
<b>Total liabilities and equity</b>	<b>131,424,019</b>	<b>133,743,502</b>

Source: Consolidated Financial Statements

\* includes Hedge accounting adjustments related to fair value of hedged items, Investments in joint ventures, Intangible assets, Tangible assets, Current income tax assets, Deferred income tax assets Other assets and Non-current assets held for sale

\*\*includes: Hedge accounting adjustments related to fair value of hedged items, Other liabilities, Current income tax liabilities, Deferred income tax liabilities, Provisions and Liabilities held for sale.

On 31 July 2018, the Group published the Group IFRS Condensed Consolidated Financial Statements for the first half of 2018 ended 30 June 2018. They are prepared in accordance with International Financial Reporting Standard 9 (IFRS 9) "Financial instruments", which replaced the International Accounting Standard 39 "Financial instruments: recognition and measurement". IFRS 9 introduced a new impairment model based on the concept of "expected credit losses", changes to the rules of classification and measurement of financial instruments (particularly of financial assets) as well as a new approach towards hedge accounting.

The Group has utilised the provisions of IFRS 9 that permit exemption from the obligation to transform comparative data for prior periods in relation to changes resulting from classification, measurement and impairment. The Group also introduced changes to the financial statements to adjust the presentation of financial data to reflect the new categories introduced by IFRS 9.

As at 1 January 2018, differences in the carrying amount of financial assets and liabilities resulting from the application of IFRS 9 were recognised as a part of undistributed financial result from previous years and other components of equity in the Group's equity. As a result the Group's total equity as of 1 January 2018 decreased by PLN 293,586 thousand.

#### **Consolidated Income Statements**

The table below sets out summary information extracted from the Group's unaudited consolidated income statements for the first half of 2018 ended 30 June 2018 and for the first half of 2017 ended 30 June 2017.

	<b>The first half of the year ended 30 June</b>	
	<b>2018</b>	<b>2017</b>

	<i>(PLN thousands)</i>	
	<i>unaudited</i>	
Net interest income	1,670,775	1,513,786
Net fee and commission income	517,853	502,166
Dividend income	3,103	3,124
Net trading income	169,191	137,965
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(60,408)	n/a
Gains less losses from investment securities, investments in subsidiaries and associates	n/a	(16,662)
Gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates	6,020	n/a
Other operating income less Other operating expenses	221,812	22,271
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(278,431)	(203,320)
Overhead costs and Depreciation	(1,109,647)	(1,062,781)
<b>Operating profit</b>	<b>1,140,268</b>	<b>896,549</b>
Taxes on the Group balance sheet items	(196,750)	(184,323)
Share in profits (losses) of entities under the equity method	588	-
<b>Profit before income tax</b>	<b>944,106</b>	<b>712,226</b>
Income tax expense	(245,694)	(220,179)
<b>Net profit</b>	<b>698,412</b>	<b>492,047</b>
<b>Net profit attributable to:</b>		
<b>Owners of mBank S.A.</b>	<b>698,435</b>	<b>488,478</b>
Non-controlling interests	(23)	3,569

Source: IFRS Condensed Consolidated Financial Statements for the first half of 2018

\* In H1 2018 ended 30 June 2018, Other Operating Income includes a gross profit in the amount of PLN 238,832 thousand recognised on the sale of the organised part of the enterprise of mFinanse related to insurance intermediation activities in the field of group insurance contracts as an insurance agent.

### ***Consolidated Statements of Financial Position***

The table below sets out summary information extracted from the Group's consolidated statements of financial position as at 30 June 2018 and 31 December 2017.

	<b>30 June 2018</b>	<b>31 December 2017</b>
	<i>(PLN thousands)</i>	
	<i>unaudited</i>	<i>audited</i>
<b>ASSETS</b>		
Cash and balances with the Central Bank	5,514,886	7,384,869
Financial assets held for trading and derivatives held for hedges	4,634,873	2,761,685
Loans and advances to banks	n/a	1,707,722
Non-trading financial assets mandatorily at fair value through profit or loss, including:	2,783,950	n/a

Equity instruments	63,128	n/a
Loans and advances to customers	2,720,822	n/a
Investment securities	n/a	32,144,699
Financial assets at fair value through other comprehensive income	24,010,418	n/a
Loans and advances to customers	n/a	84,475,844
Financial assets at amortised cost, including:	99,982,445	n/a
Debt securities	9,314,878	n/a
Loans and advances to banks	3,786,979	n/a
Loans and advances to customers	86,880,588	n/a
Other assets*	3,091,221	2,949,200
<b>Total assets</b>	<b>140,017,793</b>	<b>131,424,019</b>
<b>LIABILITIES &amp; EQUITY</b>		
Financial liabilities held for trading and derivative instruments held for hedging	1,110,810	1,095,365
Financial liabilities measured at amortised cost, including:	121,367,599	113,050,373
Amounts due to banks	4,548,768	5,073,351
Amounts due to customers	97,794,387	91,496,027
Debt securities issued	16,817,711	14,322,852
Subordinated liabilities	2,206,733	2,158,143
Other liabilities**	3,018,770	2,986,725
<b>Total liabilities</b>	<b>125,497,179</b>	<b>117,132,463</b>
<b>Total equity</b>	<b>14,520,614</b>	<b>14,291,556</b>
<b>Total liabilities and equity</b>	<b>140,017,793</b>	<b>131,424,019</b>
Total Capital Ratio (per cent.)	20.06	20.99
Common Equity Tier 1 capital ratio (per cent.)	17.10	18.31

Source: IFRS Condensed Consolidated Financial Statements for the first half of 2018

\* includes: Investments in associates, Non-current assets and disposal groups classified as held for sale, Intangible assets, Tangible assets, Current income tax assets, Deferred income tax assets and Other assets.

\*\* includes: Fair value changes of the hedged items in portfolio hedge of interest rate risk, Provisions, Current income tax liabilities, Deferred income tax liabilities, Liabilities included in disposal groups classified as held for sale and Other liabilities,

#### ***Statements of no significant or material adverse change***

There has been no significant change in the financial or trading position of the Issuer and the Group since 30 June 2018 and there has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2017.

### **Key Financial Ratios**

The following table with selected financial ratios for the Group (except LCR and NSFR, which are presented for the Bank alone) as of 30 June 2018 and 30 June 2017 is added on page 150 of the Base Prospectus under the table presenting selected financial ratios for the Group as at the end of 2013, 2014, 2015, 2016 and 2017.

	As at and for the first half ended 30	
	June	
	2018	2017
	(unaudited)	
	(per cent.)	
ROE gross <sup>1</sup>	13.7	11.0
ROE net <sup>2</sup>	10.1	7.5
ROA net <sup>3</sup>	1.04	0.75
Cost to income ratio (C/I) <sup>4</sup>	42.9	49.1
Net interest margin (NIM) <sup>5</sup>	2.6	2.4
Cost of risk <sup>6</sup>	0.78	0.49
Loan to deposit ratio <sup>7</sup>	91.6	94.6
Equity to assets <sup>8</sup>	10.4	10.6
Liquidity Coverage Ratio of the Bank (LCR) <sup>9</sup>	144	156
Net Stable Funding Ratio of the Bank (NSFR) <sup>10</sup>	112	112

Source: The Bank, Management information systems.

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

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

<sup>3</sup> Calculated by dividing net profit attributable to Owners of the Bank by the average total assets. The average total assets are calculated on the basis of the balances as at the end of each month.

<sup>4</sup> Calculated by dividing overhead costs and amortisation by total income.

Total income comprises: net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses.

In H1 2017 other income comprises gains less losses from investment securities, investments in subsidiaries and associates.

In H1 2018, other income comprises: gains less losses from financial assets and liabilities not measured at fair value through profit or loss and investments in subsidiaries and associates.

<sup>5</sup> Calculated by dividing net interest income by average interest earning assets. Interest earning assets are a sum of Cash and balances with the Central Bank, Loans and advances to banks, Debt securities and Loans and advances to customers (net). The average interest earning assets are calculated on the basis of the balances as at the end of each month.

<sup>6</sup> In H1 2017 calculated by dividing net impairment losses on loans and advances by the average net loans and advances to customers.

In H1 2018, calculated by dividing a sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss by the average net loans and advances to customers.

The average net loans and advances are calculated on the basis of the balances as at the beginning of the year and at the end of each quarter.

<sup>7</sup> Calculated by dividing net loans and advances to customers by amounts due to customers.

<sup>8</sup> Calculated by dividing total equity by total assets.

<sup>9</sup> *Liquidity Coverage Ratio (LCR)* - a relation of liquid assets of the liquidity buffer to the expected net outflows within 30 calendar days.

<sup>10</sup> *Net Stable Funding Ratio (NSFR)* - a relation of own funds and stable liabilities ensuring stable financing to illiquid assets and receivables requiring stable financing.

### **Amendments to the Terms and Conditions of the Notes and the Summary of the Programme included in the Base Prospectus**

The following amendments are hereby made to the Base Prospectus:

1. The description of Element C.8 “ Rights attached to the Notes, including ranking and limitations on those rights” in Section C - “Securities” in chapter “Summary of the Programme” on pages 20-23 of the Base Prospectus is hereby deleted entirely and replaced with the following:

<p><b>C.8</b></p>	<p>Rights attached to the Notes, including ranking and limitations on those rights</p>	<p>Notes issued under the Programme will have terms and conditions relating to, among other matters:</p> <p><b><i>Status and Subordination (Ranking)</i></b></p> <p>Notes may be issued on either a senior or a subordinated basis.<sup>1</sup></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 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.]</p> <p><b><i>Negative pledge</i></b></p> <p>[The terms of the Unsubordinated Notes contain a negative pledge provision which provides that the</p>
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<sup>1</sup> Delete this paragraph when preparing an issue specific summary.



		<p>Issuer will not create or have outstanding any Encumbrance upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant External Indebtedness unless the Issuer shall, in the case of the creation of an Encumbrance, before or at the same time, in any other case, promptly take any and all action necessary to ensure that:</p> <p>(a) all amounts payable by the Issuer under the Unsubordinated Notes are secured by the Encumbrance equally and rateably with the Relevant External Indebtedness; or</p> <p>(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> <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 negative pledge provision.]</p> <p><b><i>The Notes may immediately become due and repayable prior to the Maturity Date upon the occurrence of certain events</i></b></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> <p>(a) default in payment of principal or interest due in respect of the Notes, continuing for a specified period of time;</p> <p>(b) non-performance or non-observance by the Issuer of any of its other material obligations under the conditions of the Notes or the Agency Agreement, in certain cases</p>
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		<p>continuing for a specified period of time;</p> <p>(c) (i) the Relevant Indebtedness of the Issuer or certain subsidiaries of the Issuer becomes due and payable prematurely by reason of any event of default; or (ii) the Issuer or certain 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 or certain subsidiaries for any Relevant Indebtedness becomes enforceable; or (iv) default is made by the Issuer or certain 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 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;</p> <p>(d) events relating to the cessation of business, the insolvency or winding up of the Issuer or certain subsidiaries of the Issuer; and</p> <p>(e) if the banking operations of the Issuer are suspended or the Issuer's banking licence is withdrawn pursuant to applicable Polish banking law.</p> <p>[The terms of the Subordinated Notes will not contain any events of default.]</p> <p><b><i>Meetings of Noteholders</i></b></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><b><i>Taxation</i></b></p> <p>All payments in respect of Notes will be made without deduction for or on account of withholding</p>
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	<p>taxes imposed by Poland. In the event that any such deduction is made, the Issuer 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 <b>Code</b>) 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><b><i>Governing law</i></b></p> <p>The Notes and the rights attaching to the Notes shall be governed and construed in accordance with English law except the subordination provisions of Condition 2.2 and Condition 18 which shall be governed by, and construed in accordance with, Polish law.</p> <p><b><i>MREL</i></b></p> <p>The Notes may be issued by the Issuer to satisfy the minimum requirements for own funds and eligible liabilities (MREL).</p> <p><b><i>Recognition of Bail – in</i></b></p> <p>Each Noteholder acknowledges, accepts and agrees to be bound by the application of, any Bail-in Tool by the Polish Bank Guarantee Fund or any successor or replacement thereto and/or such other authority which has the ability to apply any Bail-in Tool to the Issuer (the “<b>Relevant Resolution Authority</b>”). Each Noteholder further acknowledges and agrees that the rights of the Noteholders are subject to, and will be varied, if necessary, so as to give effect to, the application of any Bail-in Tool by the Relevant Resolution Authority.</p> <p><b>Bail-in Tool</b> means the mechanism for effecting the</p>
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		<p>exercise by a Relevant Resolution Authority of any write-down and/or conversion or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or group entities in effect and applicable in Poland, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of 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 “<b>BRRD</b>”) and/or the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and the compulsory restructuring (the “<b>Act on Bank Guarantee Fund</b>”), and any instruments, rules and standards created thereunder, pursuant to which liabilities of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified and/or converted into shares or other securities or obligations of the Issuer or any other person.</p>
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2. In the section headed “*Terms and Conditions of the Notes*” on page 117 of the Base Prospectus, after Condition 2.2 (Status of the Subordinated Notes) the following new Condition 2.3 (MREL Notes) is hereby added:

**“2.3 MREL Notes**

The Notes may be issued by the Issuer to satisfy the minimum requirements for own funds and eligible liabilities (MREL). In such case the relevant Final Terms shall comply with the requirements set out in Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms dated 15 May 2014 and published in the Official Journal of the European Union on 12 June 2014 (as amended or replaced from time to time), the Polish Act of 10 June 2016 on Bank Guarantee Fund, the deposit guarantee scheme and compulsory restructuring (as amended from time to time (the “**Act on Bank Guarantee Fund**”) and the secondary European Union legislation.”

3. In the section headed “*Terms and Conditions of the Notes*” on page 139 of the Base Prospectus after Condition 17 (Governing Law and Submission to Jurisdiction) the following new Condition 18 (Write-Down or Conversion Power; Acknowledgement of Bail-In Tool) is hereby added:

**“18. WRITE-DOWN OR CONVERSION POWER; ACKNOWLEDGEMENT OF BAIL-IN TOOL**

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this

Condition 18, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges, accepts and agrees to be bound by the application of, any Bail-in Tool by the Polish Bank Guarantee Fund or any successor or replacement thereto and/or such other authority which has the ability to apply any Bail-in Tool to the Issuer (the **Relevant Resolution Authority**) that may result in the write-down or cancellation of all, or a portion, of the principal amount of, or payments of interest or other distributions on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or payments of interest or other distributions on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the Relevant Resolution Authority of such Bail-in Tool. Each Noteholder further acknowledges and agrees that the rights of the Noteholders are subject to, and will be varied, if necessary, so as to give effect to, the application of any Bail-in Tool by the Relevant Resolution Authority.

For these purposes, a **Bail-in Tool** means the mechanism for effecting the exercise by a Relevant Resolution Authority of any write-down and/or conversion or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or group entities in effect and applicable in Poland, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of 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 “**BRRD**”) and/or the Act of 10 June 2016 on the Bank Guarantee Fund, the deposit guarantee scheme and the compulsory restructuring (the “**Act on Bank Guarantee Fund**”), and any instruments, rules and standards created thereunder, pursuant to which liabilities of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified and/or converted into shares or other securities or obligations of the Issuer or any other person.

Upon the Issuer being informed or notified by the Relevant Resolution Authority of the actual application of the Bail-in Tool to the Issuer or the date from which the Bail-in Tool shall be effective with respect to the Notes, the Issuer shall notify the Noteholders without delay. The Issuer will also deliver a copy of such notice to the Agent for information purposes. Any delay or failure by the Issuer to give such notice shall not affect the validity and enforceability of the Bail-in Tool nor the effects on the Notes described in this Condition.

The application of the Bail-in Tool by the Relevant Resolution Authority with respect to the Notes shall not constitute an Event of Default and these Conditions shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes, subject to any modification of the amount of interest or other distributions payable to reflect the reduction of the principal amount, and any further modification of these Conditions that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or group entities in effect and applicable in Poland.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Bail-in Tool to the Notes.

If the Relevant Resolution Authority applies the Bail-in Tool with respect to less than the total prevailing outstanding amount of the Notes, and any accrued and unpaid interest on the Notes that has not been previously cancelled or otherwise is no longer due, unless otherwise decided by the Issuer or

the Relevant Resolution Authority or the Polish Financial Supervision Authority, any write-down or conversion made in respect of the Notes pursuant to the Bail-in Tool will be made on a *pro-rata* basis.”

### **General**

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

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

In accordance with Article 13 paragraph 2 of the Prospectus Act, investors who have already agreed to purchase or subscribe for the securities before the publication of this first Supplement have the right, exercisable within a time limit of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. This right to withdraw shall expire at close of business on 24 August 2018.

If documents which are incorporated by reference into this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference into this Supplement.