

*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 ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed 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 14 March 2014.

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;
- **Japanese Yen** refer to the lawful currency of Japan;
- **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 11 March 2014, the National Bank of Poland (the **NBP**) exchange rate between the euro and zloty was 1 EUR – 4.2171 PLN, the exchange rate between United States dollars and zloty was 1 USD – 3.0449 PLN and the exchange rate between the Swiss Franc and zloty was 1 CHF – 3.4626 PLN.

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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, 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>

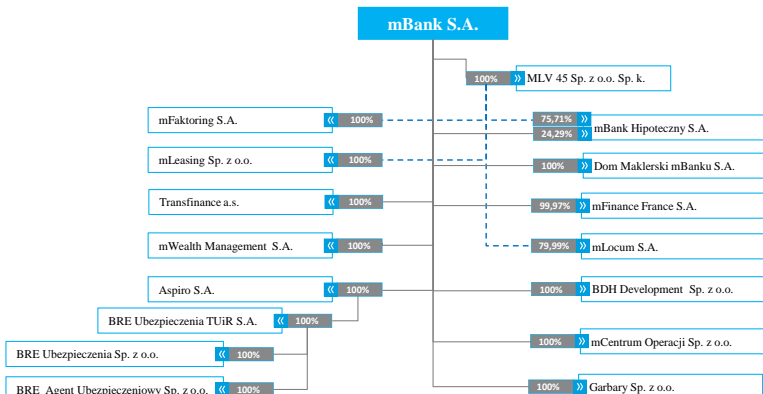
Section B – Issuer and Guarantor

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>The diagram below shows the structure of the Group as at the date of this Base Prospectus:</p> <pre> graph TD mBank[mBank S.A.] MLV[MLV 45 Sp. z o.o. Sp. k.] mBankHip[mBank Hipoteczny S.A.] DomMak[Dom Maklerski mBanku S.A.] mFinance[mFinance France S.A.] mLocum[mLocum S.A.] BDH[BDH Development Sp. z o.o.] mCentrum[mCentrum Operacji Sp. z o.o.] Garbary[Garbary Sp. z o.o.] mFactoring[mFactoring S.A.] mLeasing[mLeasing Sp. z o.o.] Transfinance[Transfinance a.s.] mWealth[mWealth Management S.A.] Aspiro[Aspiro S.A.] BRE_TUIR[BRE Ubezpieczenia TUiR S.A.] BRE_Ub[BRE Ubezpieczenia Sp. z o.o.] BRE_Agent[BRE Agent Ubezpieczeniowy Sp. z o.o.] mBank -- 100% --> MLV mBank -- 100% --> mBankHip mBank -- 100% --> DomMak mBank -- 100% --> mFinance mBank -- 100% --> mLocum mBank -- 100% --> BDH mBank -- 100% --> mCentrum mBank -- 100% --> Garbary mBank -- 100% --> mFactoring mBank -- 100% --> mLeasing mBank -- 100% --> Transfinance mBank -- 100% --> mWealth mBank -- 100% --> Aspiro mBank -- 100% --> BRE_TUIR mBank -- 100% --> BRE_Ub mBank -- 100% --> BRE_Agent </pre>
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 2012 and 31 December 2013:</p> <table border="0"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">Year ended 31 December</th> </tr> <tr> <th></th> <th style="text-align: center;">2013</th> <th style="text-align: center;">2012</th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;"><i>(EUR)</i></th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td style="text-align: right;">138,369</td> <td style="text-align: right;">47,478</td> </tr> <tr> <td>Net operating result</td> <td style="text-align: right;">28,883</td> <td style="text-align: right;">(327)</td> </tr> <tr> <td>Total financial income</td> <td style="text-align: right;">15,500,626</td> <td style="text-align: right;">3,216,802</td> </tr> <tr> <td>Total financial charges</td> <td style="text-align: right;">(15,501,365)</td> <td style="text-align: right;">(3,216,707)</td> </tr> <tr> <td>Net income/(loss)</td> <td style="text-align: right;">26,932</td> <td style="text-align: right;">21</td> </tr> </tbody> </table> <p><i>Source: Standalone financial statements of the Issuer for the years ended 31 December 2013 and 31 December 2012</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 2012 and 31 December 2013:</p> <table border="0"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">As at 31 December</th> </tr> <tr> <th></th> <th style="text-align: center;">2013</th> <th style="text-align: center;">2012</th> </tr> <tr> <th></th> <th colspan="2" style="text-align: center;"><i>(EUR)</i></th> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td style="text-align: right;">685,508,851</td> <td style="text-align: right;">503,213,561</td> </tr> <tr> <td>Trade notes and accounts payable</td> <td style="text-align: right;">31,102</td> <td style="text-align: right;">22,156</td> </tr> <tr> <td>Other debenture bonds</td> <td style="text-align: right;">685,169,520</td> <td style="text-align: right;">503,051,370</td> </tr> <tr> <td>Total liabilities</td> <td style="text-align: right;">685,200,622</td> <td style="text-align: right;">503,073,526</td> </tr> <tr> <td>Total equity</td> <td style="text-align: right;">166,967</td> <td style="text-align: right;">140,035</td> </tr> <tr> <td>GRAND TOTAL</td> <td style="text-align: right;">685,508,851</td> <td style="text-align: right;">503,213,561</td> </tr> </tbody> </table> <p><i>Source: Standalone financial statements of the Issuer for the years ended 31 December 2013 and 31 December 2012</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 2013 and there has been no material adverse change in the prospects of the Issuer since 31 December 2013.</p>			Year ended 31 December			2013	2012		<i>(EUR)</i>		Net sales	138,369	47,478	Net operating result	28,883	(327)	Total financial income	15,500,626	3,216,802	Total financial charges	(15,501,365)	(3,216,707)	Net income/(loss)	26,932	21		As at 31 December			2013	2012		<i>(EUR)</i>		Total assets	685,508,851	503,213,561	Trade notes and accounts payable	31,102	22,156	Other debenture bonds	685,169,520	503,051,370	Total liabilities	685,200,622	503,073,526	Total equity	166,967	140,035	GRAND TOTAL	685,508,851	503,213,561
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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 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																																																			

Element	Title	
		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 14 March 2014 (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 14 March 2014 (the Deed of Covenant) (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,</p>

¹ Delete this paragraph when preparing an issue specific summary.

Element	Title	
		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>The diagram below shows the structure of the Group as at the date of this Base Prospectus:</p>  <pre> graph TD mBank[mBank S.A.] MLV[MLV 45 Sp. z o.o. Sp. k.] mFact[mFactoring S.A.] mLeas[mLeasing Sp. z o.o.] Trans[Transfinance a.s.] mWealth[mWealth Management S.A.] Aspiro[Aspiro S.A.] BRE_Ub[BRE Ubezpieczenia TUIR S.A.] BRE_Ub_Sp[BRE Ubezpieczenia Sp. z o.o.] BRE_Agent[BRE Agent Ubezpieczeniowy Sp. z o.o.] mBank_Hip[mBank Hipoteczny S.A.] Dom_Mak[Dom Maklerski mBanku S.A.] mFinance[mFinance France S.A.] mLocum[mLocum S.A.] BDH[BDH Development Sp. z o.o.] mCentrum[mCentrum Operacji Sp. z o.o.] Garbary[Garbary Sp. z o.o.] mBank -- 100% --> MLV mBank -- 100% --> mFact mBank -- 100% --> mLeas mBank -- 100% --> Trans mBank -- 100% --> mWealth mBank -- 100% --> Aspiro mBank -- 100% --> BRE_Ub mBank -- 100% --> BRE_Ub_Sp mBank -- 100% --> BRE_Agent mBank -- 100% --> mBank_Hip mBank -- 100% --> Dom_Mak mBank -- 100% --> mFinance mBank -- 100% --> mLocum mBank -- 100% --> BDH mBank -- 100% --> mCentrum mBank -- 100% --> Garbary mFact -.-> 75,71% mBank_Hip mFact -.-> 24,29% mBank_Hip </pre>
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	Selected historical key financial information of the Group:	

Element	Title		
	Consolidated Income Statements		
	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 2013 and 31 December 2012:		
		As at 31 December	
		2013	2012*
		<i>(PLN thousands)</i>	
	Net interest income	2,225,811	2,279,597
	Net fee and commission income	834,738	786,546
	Trading and other income**	612,975	504,631
	Operating income***	3,673,524	3,570,774
	Overhead costs, amortisation and depreciation	(1,678,043)	(1,661,331)
	Net impairment losses on loans and advances	(477,778)	(444,635)
	Operating profit	1,517,703	1,464,808
	Profit before income tax	1,517,703	1,464,808
	Net profit	1,208,978	1,197,902
	Net profit attributable to:		
	Owners of mBank S.A.	1,206,375	1,197,321
	Non-controlling interests	2,603	581
	<i>Source: Consolidated Financial Statements</i>		
	<i>* Restated.</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 2013 and 31 December 2012:		
		As at 31 December	
		2013	2012*
		<i>(PLN thousands)</i>	
	ASSETS		
	Cash and balances with the Central Bank	1,650,467	4,819,203
	Loans and advances to banks	3,471,241	3,944,578
	Trading securities	763,064	1,150,886
	Derivative financial instruments	2,349,585	2,802,695
	Loans and advances to customers	68,210,385	66,946,830
	Investment securities	25,341,763	19,993,388
	Other assets**	2,496,256	2,487,403
	Total assets	104,282,761	102,144,983
	LIABILITIES		
	Amounts due to other banks	19,224,182	21,110,939

Element	Title		
	Derivative financial instruments	2,459,715	3,476,684
	Amounts due to customers	61,673,527	57,983,600
	Debt securities in issue	5,402,056	4,892,275
	Subordinated liabilities	3,762,757	3,222,295
	Other liabilities***	1,504,086	1,840,269
	Total liabilities	94,026,323	92,526,062
	Total equity	10,256,438	9,618,921
	Total liabilities and equity	104,282,761	102,144,983
	<p>Source: Consolidated Financial Statements</p> <p>* Restated.</p> <p>** includes Hedge accounting adjustments related to fair value of hedged items, Intangible assets, Tangible assets, Current income tax assets, Deferred income tax assets and Other assets</p> <p>***includes: Hedge accounting adjustments related to fair value of hedged items, Other liabilities, Current income tax liabilities, Deferred income tax liabilities and Provisions</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 2013 and there has been no material adverse change in the prospects of the Guarantor and the Group since 31 December 2013.</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, insurance, 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 69.60 per cent. of the Bank's share capital and of the total number of votes at the General Shareholders' Meeting.	

Element	Title																			
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" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Fitch Polska S.A.</th> <th style="text-align: center; border-bottom: 1px solid black;">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> <tr> <td>Outlook of long-term rating.....</td> <td style="text-align: center;">stable</td> <td style="text-align: center;">negative</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-	–	Outlook of long-term rating.....	stable	negative
	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-	–																		
Outlook of long-term rating.....	stable	negative																		
		<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+ (negative outlook). 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 "negative outlook" indicates that the credit rating may be lowered.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 (stable 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 "stable outlook" indicates that the credit rating is likely to be stable over a one- to two-year period.³</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 indicate 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,

Element	Title	
		<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 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>

“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 "+”.

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>[The Notes will be consolidated and form a single series with [<i>identify earlier Tranches</i>] 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 [<i>date</i>]].]</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 issued pursuant to the provisions of Article L. 228-97 of the French <i>Code de commerce</i>. The Notes are Subordinated</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>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>Negative pledge</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 rateably 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 negative pledge provision.]</p>

Element	Title	
		<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; (e) if the banking operations of the Guarantor are

Element	Title	
		<p>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 governed and construed in accordance with English law except the subordination provisions of Condition 2.3 which</p>

Element	Title	
		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> <p>Please also refer to Element C.8.</p>

⁷ Delete this paragraph when preparing an issue specific summary.

⁸ Delete this paragraph when preparing an issue specific summary.

Element	Title	
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"> • lending activities (both mortgage and non-mortgage lending). The Group is subject to the risk that borrowers and other contractual partners may become unable to meet their obligations to the Group; • risk management methods. These may prove ineffective at mitigating credit risk; • changes in interest rates and foreign exchange rates. In particular, the Group is exposed to risk resulting from the granting, financing and securing of foreign exchange denominated loans; • 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 margins; • the general macro-economic environment in which the Group operates. Such risks include regulatory changes with 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

Element	Title	
		<p>an adverse effect on the Group's business, financial condition and results of operations;</p> <ul style="list-style-type: none"> • general disruptions recently 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;] • 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

Element	Title	
		<p>comply with applicable law;</p> <ul style="list-style-type: none"> • 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, 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, 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.

Risks relating to the business and the industry in which the Bank, the Issuer and the Group operate

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, fund units, 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.

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

At the end of November 2013, mBank brought credit risk parameters used for the impairment valuation in the retail banking area into compliance with analogous parameters applied under the Advanced Internal ratings-Based (**AIRB**) measurement methodology after having eliminated differences between the approach under the IFRS 39 and the principles of Basel II. The main difference lay in the identification of default. Under the new estimates, a default is identified based on all available credit data of the client ('client view'), whereas the old approach was entirely product-based ('product view').

The more conservative approach led to:

- (a) earlier identification of an asset's impaired status and consequently, a larger impaired loan portfolio; and
- (b) higher estimates of recoveries from the portfolio due to a higher rate of return to a normal situation by clients prudentially classified as defaulting on their credit obligations.

As a result of the above changes, a default on one of the exposures of a single client leads to the same treatment for all other credit products of that client. Once the impaired status of a client is identified, all credit products for that client are reported as being impaired. Previously, a default on a specific exposure by a client did not automatically impact the risk treatment of the remaining exposures of that client. Similarly, the aggregation of past due amounts from all credit products and recognition of the earliest past due date results in a significant increase in the volume of impaired loans. Consequently, a larger volume of impaired loans is reported at the Group level. As a result, the non-performing loans ratio of the Group increased from 5.2 per cent. as at 31 December 2012 to 6.3 per cent. as at 31 December 2013. The Group's risk indicators for 2013 remained below levels reported for the banking sector in Poland (*Source: Polish Financial Services Authority (Komisja Nadzoru Finansowego), (the KNF)*).

The Group recorded net impairment losses on loans and advances of PLN 477.8 million as at 31 December 2013, an increase from PLN 444.6 million as at 31 December 2012. The adjustment impact of the methodology described above did not have a material impact on the Group's loan loss provisions for the year ended 31 December 2013.

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 uncertainties relating to the current macroeconomic environment. The Group could be required to increase or decrease its impairment losses on loans and advances in the future as a result of increases or decreases in non-performing assets or for other reasons. Any 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 Group is exposed to risk resulting from the granting, financing and securing of foreign exchange denominated loans

The Group has a significant (albeit decreasing) exposure to foreign currency-denominated loans (predominantly retail mortgage loans denominated in CHF). The 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 loan in a foreign currency results in an increase of the monthly instalment denominated in PLN. Although the Bank's approach to credit capacity assessment for such customers has always been conservative (specific income buffers imposed to mitigate the impact of currency mismatch on the customer's financial condition), any significant and permanent PLN depreciation may result in difficulties in servicing loans. In turn it may lead to an increase in impairment allowances of mortgage loans, a decrease in value of the Group's loan portfolio and adversely affect the business, financial condition and results of operations of the Group. Housing and mortgage loans to retail customers denominated in foreign currencies are mostly CHF-denominated and are funded by CHF-denominated loans from Commerzbank AG (**Commerzbank**) and, to a lesser extent, by foreign currency deposits. Because the maturity of the Group's funding instruments is shorter than the contractual maturity of the underlying loans, the Group may be exposed to an ongoing funding risk if the cost of funding is higher than the net interest and fee and commission income generated from the mortgage loans. Any occurrence of these risks could adversely affect the business, financial condition and results of operations of the Group.

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

As at 31 December 2013, 73.5 per cent. of the Group's debt securities portfolio was composed of debt securities issued by the Polish State Treasury. 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. 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 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 customers and could lead to increased defaults of the Group's customers 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.

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.

A reduction in the Group companies' long-term and financial strength ratings 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, following a key strategic decision to increase the loan portfolio of the Group several years ago. As a result, a significant portion of the loans in the portfolio still have not reached the anticipated years during which default is most likely and the Group's default rate may increase as these loans season. If the default rate 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 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 extended loans and advances, including credit margins. As at 31 December 2013, housing and mortgage loans to individuals (retail mortgage loans) constituted a material part of the Group's total loans and advances to customers. 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. This could have an adverse effect on the Group's business, financial condition and the results of its operation.

The Group is exposed to credit risk 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.

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. As a result, the Group's business, financial condition and results of operations may be adversely affected.

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. 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. 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 and results of operations.

The Bank's fee and commission income may be negatively affected by a decline of business activity in Poland

The Bank generates fee and commission income primarily from the placement of new loan products, current account products, card products, electronic online banking products with retail customers and the placement of cash management and trade finance products with corporate banking customers. A slowdown in business activity in Poland as a result of the current economic environment could decrease the demand for these products, which could have an adverse impact on its fee and commission income and, therefore, its 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 fail in implementing its strategy

The Group may fail to implement its strategy in the coming years in particular due to potential difficult market conditions and legal and regulatory impediments which, coupled with strong competition from other universal banks, could lead the Group also to lose its position as one of the leading universal banking groups in Poland. In particular, the Group's strategic initiatives relating to the enhancement and modernisation of its retail banking platform in 2013, which involved the unification of its three banking brands (mBank, MultiBank and BRE Bank) under the mBank brand may fail to attract the expected client interest and reduce the overall demand for the Group's products and services. This could affect 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.

Increasing competition in the banking industry could also lead to increased pricing pressures on the Group's products and services which would have an 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 increase 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. This could affect the business, financial condition and results of operations of the Group.

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 Bank becomes exposed to liquidity risk when the maturities of its assets and liabilities do not coincide. In particular, the Bank 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 Bank's assets and liabilities may have an adverse effect on the Bank's business, financial condition and results of operations if the Bank 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 Bank.

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. The level of competition increased when large foreign banks entered the Polish market. Some competitors in 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 affect the business, financial condition and results of operations 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 mBank, which involves offering banking services through an online transactional system, 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. Malfunctions, in particular with respect to the use of and the 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 crisis had, and any further deterioration of the global economy may have, an adverse effect on the Group's business, financial condition and results of operation

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. The resulting slowdown in economic growth, erosion of trust in financial institutions, restricted access to the interbank market and other forms of financing, increasing unemployment rates and declines in stock market valuations have caused disruptions in financial markets worldwide, impacting liquidity and funding in the international banking system. This situation has had a significant adverse effect on the valuation of assets and capital adequacy requirements for many financial institutions worldwide. As a result of the crisis, access to capital and credit markets and to other available forms of financing and liquidity has been significantly impaired, and the cost of financing has increased considerably.

While access to capital and credit markets improved markedly during 2013, 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. Many emerging market currencies fell significantly against the U.S. dollar during 2013. Ongoing volatility in emerging market currencies has resulted in investors retreating from riskier asset classes such as emerging market equities and debt.

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 adversely affect the business, financial condition and results of operations 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 perceived notion 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, these investors may reduce their investments in Polish financial assets due to the worsening 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 an 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 continued 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, also could decline significantly. In addition, customers already have and may further significantly decrease their risk tolerance to non-deposit investments such as stocks, bonds and mutual funds, which would adversely affect the Group's fee and commission income. Any of these factors, or a combination of them, could have an adverse effect on the Group's business, financial condition and results of operations.

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.

Following exposure to the global financial crisis, trends indicated economic recovery in 2010 and 2011. However, 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.

The economic situation in Poland improved during the second half of 2013. So far, Poland has experienced a broad based economic recovery and stable exchange rates. The recovery is, however, still in an initial (and fragile) phase. Failure to achieve sustainable economic growth and turmoil in the global financial markets may thus affect the income, wealth, liquidity, business or financial condition of the Group's customers which, in turn, could affect the Group's loan portfolio quality and demand for the Group's financial products and services.

Any deterioration of the economic, business, political and social conditions in Poland or the failure of the policy of the Polish government, may adversely affect the business, financial condition and results of 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

According to current regulations, the Bank and the Group are obliged to maintain a minimum capital adequacy ratio of 8.0 per cent., although the KNF expects the Bank to maintain a capital adequacy ratio of at least 12 per cent. and Core Tier 1 Ratio of 9 per cent. As at 31 December 2013, the consolidated capital adequacy ratio of the Group was 19.38 per cent. (Core Tier 1 Ratio – 14.21 per cent.) and the standalone capital adequacy ratio of the Bank was 20.59 per cent. (Core Tier 1 Ratio – 14.99 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;
- 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 2013 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, no draft legislation implementing CRD IV is available in Poland, it is therefore not certain 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.

The implementation of the Bank Recovery and Resolution Directive may adversely affect the rights of Noteholders

Based on reform measures developed by the Financial Stability Board (Effective Resolution of Systemically Important Financial Institutions) and Basel III, on 18 December 2013, the Council of the European Union published a revised draft of the legislative proposal for a directive establishing an EU-wide framework for recovery and resolution of credit institutions and investment firms – the Draft Bank Recovery and Resolution Directive (such proposal hereinafter referred to as the **Draft BRRD**).

According to the Draft BRRD, "resolution authorities" (**resolution authorities**) are to be provided with necessary powers to apply the resolution tools to institutions that meet the applicable conditions for resolution.

The resolution tools include the instrument of "bail-in" which gives resolution authorities the power to write down the claims of unsecured creditors of a failing institution and to convert debt claims to equity without creditors' consent.

The resolution authorities are further to be provided with the power to write down "relevant capital instruments" (which may include subordinated notes) in full and on a permanent basis or convert them in full into common equity tier 1 instruments before any resolution action is taken if and when one or more specific circumstances apply; such circumstances include, inter alia, the determination by the resolution authority that the institution meets the conditions for resolution and the determination by the resolution authority that the institution concerned has reached the point of "non-viability".

The Draft BRRD is not yet in final form and changes may be made to it in the course of the legislative process. The provisions of the Draft BRRD, once they will have been adopted, will have to be implemented into Polish law before they will be directly applicable to the Guarantor. Accordingly, it is not yet possible to assess the full impact of the Draft BRRD on the Guarantor and there can be no assurance that, once implemented, the fact of its implementation or the taking of any actions currently contemplated in it would not adversely affect the rights of the Noteholders, the price or value of their investments in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Increased 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 ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed on the Group as a result of governmental or regulatory initiatives, such as the recommendations of the European Union, recommendations of the KNF and new regulations from the Basel Committee on Banking Supervision), the Group may face greater regulation in Poland and other countries in which it conducts operations. Compliance with such changes may increase its capital requirements and costs, heighten disclosure requirements, hinder 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. This could affect the business, financial condition and results of operations of the Group.

The KNF has published the Recommendation U (the **Recommendation**) on good practices in bancassurance, which will come into force no later than 1 November 2014. 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.

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 the Polish, German, Czech or Slovakian financial supervisory authorities

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, including the Czech Republic and Slovakia. The scope of supervision and regulation of these products and services is also dependent on directives and regulations issued by European regulatory authorities.

The Bank is a subsidiary of Commerzbank, a German bank under the supervision of the German Financial Supervision Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, **BaFin**). Therefore, the Bank may be required to implement and comply with certain German regulations or BaFin recommendations which are not binding in Poland. These German regulations and BaFin recommendations may only be adopted by the Group if they do not violate any relevant Polish laws. However, if they are adopted by the Group and they are more restrictive than the normal requirements and regulations binding Polish banks, the Group may be put at a significant competitive disadvantage compared to its competitors in Poland.

The increasing number and ambiguity of certain regulatory requirements, together with changes to Polish, German, Czech and Slovakian regulatory requirements and guidelines, has placed an increased burden on the Bank and other Group entities to amend their internal policies and procedures to meet the requirements of supervisory authorities, including the KNF, and EU directives and regulations, which in some cases may have led to instances of non-compliance of the Bank and other Group entities.

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

The KNF identified issues during its recent inspection of the Bank, and may identify further 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 will be completed 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.

On 6 March 2014, the KNF announced that mBank together with other 14 banks operating in Poland will be subject to asset quality review. The KNF's review will begin in April and the final conclusions are expected to be published in July 2014. The scope of the review will be similar to the Asset Quality Review conducted by the European Central Bank and its results will contribute to the European stress tests carried out by the KNF.

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.

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

Under 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. 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. Such contributions may have an adverse effect on the business, financial condition and results of operations of the Group.

In 2013, apart from the annual contribution paid by banks to the Bank Guarantee Fund amounting to 0.1 per cent. of the banks' risk weighted assets (**RWA**), an additional precautionary fee for the banking stabilisation fund to be used for the restructuring of failing banks was introduced and set at 0.009 per cent. of RWA. For 2014, the precautionary fee increases to 0.037 per cent. of RWA.

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, which 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 69.60 per cent. of the Bank's share capital which gave Commerzbank the right to exercise 69.60 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 2013 the value of subordinated liabilities granted to the Bank by Commerzbank was PLN 3.3 billion. As at 31 December 2013 the total outstanding indebtedness of the Group to the Commerzbank Group was the equivalent of PLN 14.4 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. 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.

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

The obligations of the Commerzbank Group to the Financial Market Stabilisation Fund (Sonderfonds Finanzmarktstabilisierung) (SoFFin) and the European Commission may adversely affect the Bank's results of operations

The state stabilisation measures received by Commerzbank from SoFFin in response to the financial markets crisis are associated with various conditions and requirements which could adversely affect the Bank's business, financial condition and results of operations. The European Commission declared that the stabilisation measures which Commerzbank has received are, in principle, compatible with the state aid provisions set out in the EC Treaty. For reasons of competition law, the Federal Republic of Germany was obliged to ensure that Commerzbank complies with a number of requirements which Commerzbank has contractually committed to vis-à-vis SoFFin.

As the Bank was not a signatory to the agreements between Commerzbank and SoFFin, it was unclear to what extent the restrictions set forth in the agreements and the commitments to the European Commission apply to the Bank. On 16 November 2010, the Management Board of the Bank took the decision to issue the statement that the Bank will comply *inter alia* with:

- an advertising ban – the Bank will not use the fact that it has received support from SoFFin for promotion of any of its products and services;
- a ban on buy-backs of Commerzbank shares – the Bank will not purchase or otherwise acquire Commerzbank shares, unless (1) Commerzbank shares are to be offered to the employees or former employees of the Bank, (2) the acquisition is made by the Bank in execution of a purchase order of a customer, or (3) the acquisition is made by the Bank on the basis of a resolution by the shareholders' meeting for the purposes of trading in securities;
- a non-price-leadership commitment (until 31 December 2012) – the Bank will not offer more favourable prices for its products and services, in particular for retail and corporate customers, than its three most favourable competitors on the Polish market. This obligation applies to product markets in which the Bank holds not merely a subordinated market position (<5 per cent.); and
- an acquisition ban (until 30 April 2012) – the Bank will not (partially) acquire financial institutions or other businesses, excluding *inter alia* however, (1) Commerzbank Group internal sales and restructurings, (2) capital increases in order not to be diluted, (3) the exercising of put-options granted by the Bank before 7 May 2009, (4) creation of an SPV exclusively with own funds, (5) transferring a business into a joint venture as long as the proportion transferred falls short of or is equal to the Bank's share in the joint venture and as long as the Bank does not gain control of the joint venture,

unless these commitments are inconsistent (*inter alia*) with Polish law, the Bank's Articles of Association, any recommendations and opinions of the KNF or, for example, are not in the best interests of the Bank having regard to the policy of cautious and stable management.

In March 2012 modifications to the original agreements and commitments (including, though not limited to, the acquisition ban) were approved by the EU. The changes included: (1) prolongation of the period for which the ban is in force until 31 March 2014, (2) extension of types of companies the acquisition of which is forbidden, so that now the ban relates to any companies, not only those potentially in competition with Commerzbank, and (3) the ban does not refer to acquisitions where Commerzbank already holds more than 50 per cent. of shares and debt-to-equity swaps.

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. Moreover, 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.

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.

Former clients of Interbrok have brought claims against the Bank

As indicated below under "*Legal, Administrative and Arbitration Proceedings - Claims of former clients of Interbrok*", some of the clients of Interbrok Investment E. Drożdż spółka jawna (**Interbrok**) accused the Bank, as the custodian of Interbrok's cash accounts, of being an accessory to Interbrok's fraudulent activity. If some or all of the respective final courts of jurisdiction were to decide against the Bank, such decisions

and the accompanying payments of damages by the Bank may have an adverse effect on the Bank's business, financial conditions and results of operations.

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 EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being 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). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

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 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 paid 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.

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 depository or common safekeeper (as the case may be) for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the global Notes.

While the Notes are represented by one or more global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depository 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.

Holders 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

- (c) 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

- (d) 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 2013 prepared in accordance with the International Financial Reporting Standards adopted by the European Union (**IFRS**) (the **2013 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.

2. 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;

3. the audited consolidated financial statements of the Group for the year ended 31 December 2012 prepared in accordance with IFRS (the **2012 Consolidated Financial Statements** and, together with the 2013 Consolidated Financial Statements, the **Consolidated Financial Statements**), included in the consolidated annual report of the Group for the year ended 31 December 2012, which constitute a free translation from the Polish version into the English language audited by PricewaterhouseCoopers sp. z o.o.:

- (a) consolidated income statement (page 4);
- (b) consolidated statement of comprehensive income (page 5);
- (c) consolidated statement of financial position (page 6);
- (d) consolidated statement of changes in equity (page 7);
- (e) consolidated statement of cash flows (page 8); and
- (f) explanatory notes to the consolidated financial statements (pages 9 to 110);

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 2012 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 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 from the original French into the English 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).

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 2012 and the auditor's report on the standalone financial statements of the Issuer for the year ended 31 December 2012 which constitutes a free translation into the English language from the original French language audited by PricewaterhouseCoopers Audit SA:
 - (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 8); and
 - (e) explanatory notes to the financial statements (pages 9 to 18);

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 contained in the Issuer's Base Prospectus dated 12 April 2012; and
8. the Terms and Conditions of the Notes contained in the Issuer's Base Prospectus dated 8 April 2013.

The parts of documents which are not incorporated by reference in 7 and 8 above are considered to be additional information that is not required by the relevant annexes of the Commission Regulation.

The information incorporated by reference that is not included in the cross-reference lists above is either 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 14 March 2014 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 14 March 2014 [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 [original date] which are incorporated by reference in the Base Prospectus dated 14 March 2014. 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 [●] 2014 [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)]
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 Interest Period end dates to which sub-paragraph 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** [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,] [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

(Delete whole section if sub-paragraph 8(viii) 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 14 March 2014 [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 [original date] which are incorporated by reference in the Base Prospectus dated 14 March 2014. 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 14 March 2014 [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)]
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)]

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 will 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 14 March 2014 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 14 March 2014 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 14 March 2014 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 Senior 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 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 as otherwise permitted by applicable law, 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:

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.

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.

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.

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 2013 and 2012, extracted from the audited standalone financial statements of the Issuer for the years 2013 and 2012 (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 2013 and 31 December 2012, the Issuer had total assets of EUR 685,508,851 and EUR 503,213,561, respectively. As at 31 December 2013, loans amounting to EUR 683,045,109 (as at 31 December 2012: EUR 500,986,329) represented 99.6 per cent. of the total assets of the Issuer and related to the deposit agreements between the Issuer and the Guarantor. Total equity of the Issuer as at 31 December 2013 and 31 December 2012 was EUR 166,967 and EUR 140,035 respectively, and total liabilities as at 31 December 2013 and 31 December 2012 amounted to EUR 685,200,622 and EUR 503,073,526 respectively. As at 31 December 2013, other debenture bonds amounting to EUR 685,169,520 (as at 31 December 2012: EUR 503,051,370) represented 99.95 per cent. of the total equity and liabilities of the Issuer and related to the deposit agreements between the Issuer and the Guarantor.

For the year ended 31 December 2013, the Issuer had net sales of EUR 138,369 (2012: EUR 47,478). Total expenses from operations in 2013 amounted to EUR 109,486 (2012: EUR 47,805). Due to issuing CHF 200 million of unsubordinated fixed rate notes due 8 October 2018 and CZK 500 million of unsubordinated fixed rate notes due 6 December 2018 and entering into deposit agreements with the Guarantor, for the year ended 31 December 2013 the total financial income of the Issuer amounted to EUR 15,500,626 (as compared to EUR 3,216,802 in 2012) and total financial charges amounted to EUR 15,501,365 (2012: EUR 3,216,707). As a result, for the years ended 31 December 2013 and 31 December 2012 the Issuer generated a net income of EUR 26,932 and EUR 21, 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 and cost optimisation in a response to a more challenging market and economic environment since the onset of the financial crisis.

In a challenging environment, the Group's core income (i.e. net interest income and net fee and commission income) reached PLN 3,060.5 million for the year ended 31 December 2013 compared to PLN 3,066.1 million for the year ended 31 December 2012. Net interest income, negatively affected by the monetary policy easing in Poland, decreased by 2.4 per cent. to PLN 2,225.8 million for the year ended 31 December 2013, compared to PLN 2,279.6 million for the year ended 31 December 2012, while net fee and commission income grew to PLN 834.7 million for the year ended 31 December 2013, compared to PLN 786.5 million for the year ended 31 December 2012.

The business development of the Group was accompanied by a continued focus on maintaining cost discipline. In 2013, the Group's total income (calculated as a sum of net interest income, net fee and

commission income, dividend income, net trading income, gains less losses from investment activities and other operating income) increased by 2.9 per cent compared to 2012, while overhead costs, amortisation and depreciation for the year ended 31 December 2013 increased by 1.0 per cent. compared to the year ended 31 December 2012. As a result, the Group's cost to income ratio declined to 45.7 per cent. for the year ended 31 December 2013 from 46.5 per cent. for the year ended 31 December 2012. The cost to income ratio is calculated by dividing overhead costs and depreciation 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 and other operating income/operating expenses.

For the year ended 31 December 2013, net impairment losses on loans and advances for the Group amounted to PLN 477.8 million, compared to PLN 444.6 million for the year ended 31 December 2012 representing an increase of 7.5 per cent. During the same period, 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) increased to 6.3 per cent. in 2013 from 5.2 per cent. in 2012 due to a more conservative non-performing loan recognition methodology.

The profit before income tax of the Group in 2013 totalled PLN 1,517.7 million compared to PLN 1,464.8 million in 2012. The Group's gross return on equity however dropped from 18.0 per cent. in 2012 to 16.5 per cent. in 2013. This was due to an increase in the Group's shareholder equity as a result of profit retention.

The Group's capital ratios remained at an acceptable level. As at 31 December 2013, the capital adequacy ratio stood at 19.38 per cent., compared to 18.73 per cent. as at 31 December 2012, while the Core Tier 1 capital ratio stood at 14.21 per cent. as at 31 December 2013 compared to 13.00 per cent. as at 31 December 2012.

PRESENTATION OF THE GROUP FINANCIAL AND OTHER INFORMATION

Key Factors Affecting Comparability

Change of presentation of comparative financial data

In 2013, the Group introduced changes in its accounting policies described below, which led to the restatement of comparative information for the year ended 31 December 2012 which is presented in the Consolidated Financial Statements for the year ended 31 December 2013. The key changes resulting from the restatement relate to:

(a) Actuarial gains and losses

In 2013, the Group introduced a change of accounting policies in the presentation of actuarial gains or losses from the measurement of post-employment benefits. On the basis of the application of revised IAS 19 the Group introduced a principle of recognition of actuarial gains or losses from the measurement of post-employment benefits related to changes in actuarial assumptions in other comprehensive income and not as previously in profit or loss.

The restatement of comparative data for the year 2012 due to this change resulted in a reduction of net profit for the year 2012 by the amount of PLN 225 thousand and an increase in actuarial gains or losses relating to post-employment benefits, presented in other components of equity, by the same amount. The adjustment had no impact on the total amount of equity as at 31 December 2012.

b) Recognition of income and expenses from selling insurance products attached to loans

In 2013, the Group introduced a change to its accounting policies regarding recognition of income and expenses from selling insurance products attached to loans.

Due to the fact that the purchase of insurance products attached to loans by the Group's clients is voluntary and not compulsory, prior to 2013, the Group treated such an insurance contract as a separate product from the loan. Income from the sale of insurance products attached to loans was in most cases recognised as an upfront income. At the same time, in cases where intermediary costs of selling insurance products existed in connection with certain products and certain sales channels, the Group considered such costs as costs related to sale of loans. As a result, intermediary costs were treated as part of the effective interest rate calculation for loans for accounting purposes.

As a result of a detailed guidance provided by the KNF in December 2013, the Group changed its approach towards the recognition of bancassurance income and adhered to the KNF guidance. The Group implemented the recommended definition of "bundled products" and retrospectively implemented a policy of recognising income and expenses from the sale of insurance products attached to loans as being split into (i) interest income and (ii) fee and commission income based on the relative fair value analysis of each of these products. The remuneration included in interest income is recognised as part of the effective interest rate calculation for the bundled loan over the expected duration of the loan. The remuneration included in fee and commission income is recognised partly as upfront income and partly as deferred over time based on an analysis of the stage of completion of the service. Expenses directly linked to the sale of insurance products are recognised using the same methodology as for income recognition. This means that part of such expenses are treated as an element adjusting the calculation of the effective interest rate for interest income. The remaining portion of such expenses is recognised in fee and commission expenses as an upfront cost or as a cost accrued over time. The Group estimates an amount in respect of remuneration which in the future will be returned due to the early termination of an insurance contract. The Group then proportionately reduces the interest income or fee and commission income to be recognised.

The restatement of comparative data for the year 2012 due to this change resulted in a decrease of consolidated net profit for the year 2012 by the amount of PLN 5,684 thousand and a decrease of the total consolidated equity as at 31 December 2012 by the amount of PLN 91,063 thousand. The changes in accounting policy caused a decrease of a total amount of consolidated equity as at 31 December 2013 by the amount of PLN 88,708 thousand compared to the level of equity that would have been recognised if the accounting approach applied to the end of 2012 was unchanged.

The following tables present the impact of the changes in accounting policies introduced in 2013 on comparative data for respective reporting periods presented in the consolidated financial statements.

Changes in the Consolidated Income Statement for the year ended 31 December 2012

	Year ended 31.12.2012 before restatement	Restatement	Year ended 31.12.2012 after restatement
	<i>(PLN thousands)</i>		
Interest income	4,476,800	46,317	4,523,117
Interest expense	(2,243,168)	(352)	(2,243,520)
Net interest income	2,233,632	45,965	2,279,597
Fee and commission income	1,273,953	(57,074)	1,216,879
Fee and commission expense	(434,073)	3,740	(430,333)
Net fee and commission income	839,880	(53,334)	786,546
Overhead costs	(1,465,788)	74	(1,465,714)
Operating profit	1,472,103	(7,295)	1,464,808
Profit before income tax	1,472,103	(7,295)	1,464,808
Income tax expense	(268,292)	1,386	(266,906)

	Year ended 31.12.2012 before restatement	Restatement	Year ended 31.12.2012 after restatement
	<i>(PLN thousands)</i>		
Net profit	1,203,811	(5,909)	1,197,902

Changes in the Consolidated Statement of Financial Position as at 31 December 2012

	31.12.2012 before restatement	Restatement	31.12.2012 after restatement
	<i>(PLN thousands)</i>		
Loans and advances to customers	67,059,254	(112,424)	66,946,830
Deferred income tax assets	369,821	21,361	391,182
Total assets	102,236,046	(91,063)	102,144,983
Retained earnings:.....	5,700,076	(91,288)	5,608,788
<i>Profit for the previous year</i>	4,496,846	(85,379)	4,411,467
<i>Net profit for the current year</i>	1,203,230	(5,909)	1,197,321
Other components of equity	483,784	225	484,009
Total equity	9,709,984	(91,063)	9,618,921
Total liabilities and equity	102,236,046	(91,063)	102,144,983

Source: Consolidated Financial Statements

The information presented in this Base Prospectus has been provided on the restated basis.

GROUP HISTORICAL FINANCIAL INFORMATION

The following tables present selected consolidated financial data of the Group as at and for the years ended 31 December 2013 and 31 December 2012 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	
	2013	2012 (restated)
	<i>(PLN thousands)</i>	
	<i>(audited)</i>	
Interest income	3,949,971	4,523,117
Interest expense	(1,724,160)	(2,243,520)
Net interest income	2,225,811	2,279,597
Fee and commission income	1,303,834	1,216,879
Fee and commission expense	(469,096)	(430,333)
Net fee and commission income	834,738	786,546
Dividend income	26,856	13,902
Net trading income, including:	342,978	356,542
<i>Foreign exchange result</i>	282,545	324,006

	Year ended 31 December	
	2013	2012
	(PLN thousands)	
	(audited)	
<i>Other net trading income and result on hedge accounting</i>	60,433	32,536
Gains less losses from investment securities, investments in subsidiaries and associates	78,578	44,966
Other operating income	374,821	275,721
Net impairment losses on loans and advances.....	(477,778)	(444,635)
Overhead costs.....	(1,490,153)	(1,465,714)
Amortisation and depreciation.....	(187,890)	(195,617)
Other operating expenses	(210,258)	(186,500)
Operating profit	1,517,703	1,464,808
Profit before income tax	1,517,703	1,464,808
Income tax expense	(308,725)	(266,906)
Net profit	1,208,978	1,197,902
Net profit attributable to:		
Owners of mBank S.A.....	1,206,375	1,197,321
Non-controlling interests	2,603	581

Source: Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

	Year ended 31 December	
	2013	2012
	(PLN thousands)	
	(audited)	
Net profit	1,208,978	1,197,902
Other comprehensive income net of tax, including:	(165,942)	422,223
Exchange differences on translation of foreign operations (net).....	(2,116)	(1,815)
Change in valuation of available-for-sale financial assets (net).....	(163,117)	423,813
Actuarial gains and losses relating to post-employment benefits.....	(709)	225
Total comprehensive income net of tax, total	1,043,036	1,620,125
Total comprehensive income (net), attributable to:		
Owners of mBank S.A.....	1,040,433	1,619,544
Non-controlling interests	2,603	581

Source: Consolidated Financial Statements

Consolidated Statements of Financial Position

	As at 31 December	
	2013	2012
	(PLN thousands)	
	(audited)	
ASSETS		
Cash and balances with the Central Bank	1,650,467	4,819,203
Loans and advances to banks	3,471,241	3,944,578
Trading securities	763,064	1,150,886

	As at 31 December	
	2013	2012 (restated)
	(PLN thousands) (audited)	
Derivative financial instruments.....	2,349,585	2,802,695
Loans and advances to customers.....	68,210,385	66,946,830
Hedge accounting adjustments related to fair value of hedged items.....	970	2,439
Investment securities	25,341,763	19,993,388
Intangible assets.....	455,345	436,123
Tangible assets.....	709,552	773,904
Current income tax assets	7,332	129
Deferred income tax assets	370,821	391,182
Other assets.....	952,236	883,626
Total assets	104,282,761	102,144,983
LIABILITIES		
Amounts due to other banks	19,224,182	21,110,939
Derivative financial instruments.....	2,459,715	3,476,684
Amounts due to customers	61,673,527	57,983,600
Debt securities in issue	5,402,056	4,892,275
Hedge accounting adjustments related to fair value of hedged items	(4,349)	4,220
Other liabilities	1,267,672	1,394,845
Current income tax liabilities	9,581	226,215
Provisions for deferred income tax.....	2,954	1,662
Provisions	228,228	213,327
Subordinated liabilities	3,762,757	3,222,295
Total liabilities	94,026,323	92,526,062
EQUITY		
Equity attributable to owners of mBank S.A.	10,229,342	9,594,430
Share capital:	3,512,338	3,501,633
Registered share capital.....	168,696	168,556
Share premium	3,343,642	3,333,077
Retained earnings:	6,398,937	5,608,788
Profit from the previous years.....	5,192,562	4,411,467
Profit for the current year	1,206,375	1,197,321
Other components of equity	318,067	484,009
Non-controlling interest	27,096	24,491
Total equity	10,256,438	9,618,921
Total equity and liabilities	104,282,761	102,144,983

Source: Consolidated Financial Statements

Items from Consolidated Cash Flow Statements

	Year ended 31 December	
	2013	2012
	(PLN thousands) (audited)	
Cash and cash equivalents at the beginning of the reporting period	7,578,317	4,675,211
Net cash generated from operating activities.....	(871,524)	3,551,574
Net cash used in investing activities.....	(146,971)	(216,342)

Net cash generated from financing activities.....	(2,846,202)	(400,979)
Effects of exchange rate changes on cash and cash equivalents	(27,980)	(31,147)
Cash and cash equivalents at the end of the reporting period.....	3,685,640	7,578,317
Net increase/decrease in cash and cash equivalents	3,864,697	2,934,253

Source: Consolidated Financial Statements

Capital Adequacy

As of 31 December 2013, in calculating the consolidated capital adequacy ratio of the Group, the capital requirement for credit risk was determined by applying the AIRB approach in accordance with annex No. 5 to the Resolution No. 76/2010 of the KNF of 10 March 2010 (with further amendments) and was maintained at a level based on 80 per cent. of the capital requirement for credit risk calculated under the standardised approach in accordance with article 14 of Resolution No. 76/2010 of the KNF of 10 March 2010 (with further amendments). Moreover, in calculating the consolidated capital adequacy ratio, the capital requirement 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 the capital adequacy ratio and Tier 1 capital ratio of the Group as at the dates indicated below.

	31 December	
	2013	2012
	(audited)	
	(per cent.)	
Capital adequacy ratio	19.38	18.73
Tier 1 capital ratio	14.21	13.00

Source: Consolidated Financial Statements 2013

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		
	2013	2012	
		(per cent.)	
		(unaudited)	
		<i>Before</i>	<i>Restated</i>
		<i>restatement</i>	
ROE gross ¹	16.5	17.9	18.0*
ROE net ²	13.1	14.6	14.7*
ROA net ³	1.1	1.2	1.2*
Cost to income ratio (C/I) ⁴	45.7	46.4	46.5*
Non-performing loans ratio ⁵	6.3	5.2	5.2*

Source: The Bank

¹ Calculated by dividing Profit/(loss) before income tax by the average total equity net of the year's results, including non-controlling interests. 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 equity holders of the Bank and non-controlling interests by the average total equity net of the year's results, including non-controlling interests.

³ Calculated by dividing net profit/(loss) attributable to equity holders of the Bank and non-controlling interests 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 depreciation 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 and other operating income/operating expenses.

⁵ 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.

* Restated. Please see "Selected Financial Information of the Issuer and Overview of the Group's Financial Condition - Presentation of the Group Financial and Other Information".

In November 2013, the Group modified its credit risk parameters used for the impairment valuation in the retail banking area as part of the adjustment to AIRB approach. Under the amended approach, a default is identified based on all available credit data of the client ("client view"), whereas the old approach was entirely product-based ("product view"). This more conservative approach leads to the earlier identification of impaired status and consequently, a higher volume of impaired loan portfolio and non-performing loans ratio.

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.

As at 31 December 2013, the Group had approximately 4.37 million retail customers, including individual retail customers and micro-businesses. 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.

The Group 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. In Poland, the Group distributes its products and services in its Retail Banking segment predominantly through the internet platform, 133 mBank retail branches, 68 mKiosks and 24 Financial Centres managed under the Aspiro brand (as at 10 March 2014). In 2007, mBank's retail platform was extended into the neighbouring countries of the Czech Republic and Slovakia.

On 4 June 2013, a new online retail banking platform was launched as part of the mBank re-branding project. The new platform introduced over 200 new features and improvements, including a merchant-funded discount programme (mOkazje) and 24 hour banking advice available to retail customers online via video, voice or text chat. mBank's mobile-enabled user interface, advanced and integrated personal financial management tools, redesigned customer-centric navigation and social media-integrated offers have been recognised favourably by customers and the industry participants. In addition, the Bank's private banking services are well regarded in Poland. The Bank's Private Banking & Wealth Management services aim to provide top-quality customer service and financial solutions to affluent individuals. In 2013, for the sixth time, mBank was awarded Euromoney's "Best Private Bank in Poland" award.

mBank offers its corporate banking customers in its Corporates and Markets segment 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. As at 31 December 2013, the Bank had over 16,300 corporate banking customers and distributes its products and services through a fully dedicated network of 29 corporate branches and 18 corporate offices, as well as through its corporate banking internet platform mBank CompanyNet. The Bank's investment banking services consist of trading in financial instruments, origination of debt securities for corporate banking customers and banks in the Polish market as well as direct sales of financial products to corporate banking customers, non-banking financial institutions and selected private banking customers.

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 69.60 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. During 2013, the Bank provided services to approximately 673,000 customers in the Czech Republic and Slovakia through its internet platform and 35 branches.

In August 2013 the scope of activities of Corporate Banking was extended to include investment banking activities, such as equity capital markets, debt capital markets and mergers and acquisitions. It was aimed at increasing the integration of corporate and investment banking and building integrated solutions for corporate clients. The Investment Banking Segment was renamed the Financial Markets division, which clearly identifies the scope of its activities.

On 25 November 2013, the "BRE Bank" and "MultiBank" brands were changed to "mBank". The new name was entered into the register of entrepreneurs and since then the mBank branding has been used in every market and in every area of the Bank's operations. In connection with the change of the name of the Bank, most of the mBank group companies have also changed their names by adding the prefix "m". BRE Faktoring changed its name to mFaktoring, BRE Leasing to mLeasing, BRE Bank Hipoteczny to mBank Hipoteczny, BRE Wealth Management to mWealth Management, BRE Centrum Operacji to mCentrum Operacji, BRE.locum to mLocum, BRE Finance France to mFinance France and Dom Inwestycyjny BRE Banku is currently Dom Maklerski mBanku. 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.

Competitive Strengths

Leading Market Position across Key Segments

The Group is a market leader in retail, corporate and investment banking in Poland. As at 31 December 2013, the Group's market share in retail loans and retail deposits stood at approximately 6.2 per cent. and 5.0 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 5.9 per cent. and 8.3 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 2013 the Bank is the market leader for arranging bank debt securities and ranked third in the market for providing short-term debt securities and for providing corporate bonds. 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.

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 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.

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.

The Group's corporate customer base has grown from 15,095 customers as at 31 December 2012 to 16,333 customers as at 31 December 2013.

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. For the year ended 31 December 2013, within the framework of the above process, impairment losses on loans and advances amounted to PLN 477.8 million. 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.

Proven Management Track Record

The Group's management team has extensive experience in the banking sector in Poland. The consistent realisation of management strategy has helped the Group to maintain its leading position while markedly improving its financial performance amid a challenging economic environment marked by continued uncertainty in the financial markets globally. The Bank has been recognised by industry participants and has won several banking sector awards.

In 2013, the Bank received the "Best Bank in Poland" award from Global Finance Magazine in its annual contest "Best Emerging Market Banks in Central and Eastern Europe". Moreover, in 2013 the Bank's foreign exchange platform was also awarded the "Best in Online Treasury Services" title in Global Finance Magazine's contest for the "Best Corporate/Institutional Internet Banks in Central & Eastern Europe".

For the year ended 31 December 2012 the Group's total income (calculated as a sum of net interest income, net fee and commission income, dividend income, net trading income, gains less losses from investment activities and net other operating income) reached PLN 3,570.8 million and grew to PLN 3,673.5 million for the year ended 31 December 2013, representing an increase of 2.9 per cent. during this period. At the same time, the Group's management team worked to improve the Group's cost base which resulted in the improvement of efficiency measured by cost to income ratio decreasing from 46.5 per cent. for the year ended 31 December 2012 to 45.7 per cent. for the year ended 31 December 2013.

Commerzbank as the Strategic Shareholder of the Group

Commerzbank is the principal shareholder of the Bank. As of 31 December 2013, Commerzbank holds shares representing 69.60 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

Increase Revenues in the Retail Banking Business by Cross Selling to Existing Retail Customers and Potential Retail Customers

The Group intends to increase its revenues in the most lucrative segments in its retail banking business by focusing on existing and potential affluent customers who have high expectations of the Group's product offering and service. The affluent customer segment in Poland has above average market growth potential. 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. 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 also recognises the high revenue potential of the new younger generation of customers. The Bank will continue to provide innovative, cutting-edge solutions, both for mobile and traditional internet

platforms, which integrate with the customer's bank account including social media, online shopping and entertainment. The youngest customers will be allowed to conduct key banking activities via the internet without signing any paper documents including opening bank accounts and video conferencing with bank advisers.

The Group aims to retain its leading reputation for technological innovation in the on-line banking market in Poland. In order to fulfil this aspiration the Group significantly enhanced its retail banking offering under the mBank re-branding project. The new banking platforms of mBank comprise a new internet platform for desktop and mobile devices which provide customers with a full transactional banking offering including expense management, merchant offers, discounts and social media.

Consolidate the Bank's Strong Corporate and Investment Banking Services

The Bank 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). This requires more effective use of its corporate network of branches and offices and focusing on new areas of growth in the corporate and investment banking market. The Bank intends to further develop its transactional banking services and to increase selling 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 Bank also intends to become the market leader in transactional banking services by reaching to more customers through the unified branches network (unification evolution has just been started) and through co-operation with the Bank's subsidiaries, continuing development of innovative products, including those offered via mBank Company Net platform, innovative cash management products, expansion of its card offering, improving PLN cash payments and fully automating outgoing international payments, and benefiting from strong relations with exporters and importers. The Bank intends to focus on cross selling and increase the volume of corporate and investment banking products and services such as foreign exchange transactions, debt origination, mergers and acquisitions, and products supporting risk management (including foreign exchange options, forward contracts, interest rate derivatives and commodity swaps).

The Group also intends to strengthen its presence in the SME segment of the market (retail banking business clients and K3) in order to increase its market share. The Bank's network of corporate branches and corporate offices, combined with an improved customer relationship system, allow the Bank, by conducting comprehensive and multi-dimensional analyses, to focus on individual customers' needs, including the most demanding clients.

Improve physical presence efficiency and Group external recognition

The Bank aims to maximise the potential of its existing distribution network by integrating the existing retail and corporate banking branch networks to form one network for all clients of the Group. The integration will include the redesign and optimisation of Front-, Middle- and Back-Office operations and processes. The branch integration is expected to deliver both savings as well as increased sales through improved coverage of all relevant Group customer segments, with particular impact for the SME segment.

In addition, in 2013 the Group implemented a new branding strategy which replaced the brands of BRE Bank, BRE Private Bank and MultiBank with a single brand of "mBank". The Bank's subsidiaries have also adopted the mBank brand to support the Group's external recognition among its clientele.

Strengthen the Group's Funding Sources

Throughout the financial crisis, the Bank has been able to maintain a solid liquidity situation by increasing deposits to fund the growing loan business in PLN. In 2010/2011 the Bank extended the maturity of loans received from Commerzbank up to eight years to reduce its liquidity risk. Due to regular repayments of CHF

mortgages and by entering into swap transactions on CHF, the Bank was in a position to reduce funding received from Commerzbank during 2011, 2012 and 2013.

The Group plans to use a mix of diversified funding sources in the future to further reduce dependency on Commerzbank funding. This will include the swap markets, bilateral loans, commercial paper, domestic and international senior unsecured capital markets issuances and covered bonds. In 2014, the Bank plans to fund a proportion of its residential mortgage loan portfolio through the issue of covered bonds by mBank's mortgage subsidiary. mBank is expected to be the first to fund itself using covered bonds on the Polish market. 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 increase the 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.

Further Improve Cost Efficiency

The Group intends to further strengthen its cost efficiency by focusing on strict cost control and monitoring in order to maintain operational efficiency at a high level.

In addition, the Bank believes that the Group will be able to realise increasing economies of scale. The Bank believes that it will benefit significantly from its efficient and high quality IT systems, which have a capacity up to 15 million retail customers with existing applications and therefore allow the Group to grow its business with relatively low incremental costs. A common purchasing platform with Commerzbank was also established, which will further enhance cost effectiveness.

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 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 Bank 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 segments:

(1) Retail Banking

The Retail Banking segment offers a full range of the Bank's products and services for individual customers and micro-enterprises as well as specialised products offered by several subsidiaries. The key products in this segment 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), credit cards, insurance, investment products, and brokerage services offered to both individual customers and to micro-businesses. The financial results of the Retail Banking segment include the results of mBank's branches in the Czech Republic and in Slovakia. The Retail Banking segment also consolidates the results of mWealth Management S.A. (**mWealth Management**), Aspiro S.A. (**Aspiro**), mBank Hipoteczny S.A. (**mBank Hipoteczny**) and BRE Ubezpieczenia TUiR S.A. (**BRE Ubezpieczenia TUiR**), BRE Ubezpieczenia Sp. z o.o. (**BRE Ubezpieczenia**) and BRE Agent Ubezpieczeniowy Sp. z o.o. (**BRE Agent Ubezpieczeniowy**).

(2) Corporates and Financial Markets

Historically, the Corporates and Financial Markets segment included two business lines: Corporates and Institutions, which covered the key area of customer relations, and Trading and Investment Activity connected with managing liquidity, market risk and relations with financial institutions. In the second half of 2013, the scope of operations and the names of both business lines were changed to reflect the re-organisation of these activities.

The scope of activities of Corporates and Institutions has been extended to include investment banking services for corporates, i.e. the raising of capital through the issue of shares, issue of corporate bonds and mergers and acquisitions advisory and therefore its name was changed to Corporate and Investment Banking. Moreover, to allow a clear identification of the scope of operation connected with financial market operations, Trading and Investment Activity has been renamed as "Financial Markets".

As the above changes took place during 2013, the financial statements of the Group's segments for 2013 were presented according to the previous organisational structure. The relevant changes will be introduced to the Group's reporting starting from 2014.

As at the date of this Base Prospectus, the Corporates and Financial Markets segment is divided into two sub-segments:

- (i) Corporate and Investment Banking. This sub-segment targets small, medium-sized and large companies and public sector entities. The key products offered to non-banking institutions 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 offering 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, commodity swaps and options, structured deposit products, treasury bonds and bills, non-government debt, medium-term bonds, buy sell back and sell buy back transactions and repo transactions, as well as leasing and factoring services. The sub-segment consolidates the results of the following subsidiaries: mLeasing Sp. z o.o. (**mLeasing**), mFactoring S.A. (**mFactoring**), Transfinance a.s. (**Transfinance**), MLV 45 Sp. z o.o. Sp. k. (**MLV**), Garbary Sp. z o.o. (**Garbary**)

- (ii) Financial Markets. This consists primarily of treasury, financial markets and financial institutions operations, and 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 and financial institutions' coverage. This subsegment also includes the financial results of the Issuer.

In 2013, the subsegment of Trading and Investment Activity (now known as Financial Markets) consolidated the results of Dom Maklerski mBanku S.A. In 2014, the Bank plans to present the financial results of Dom Maklerski mBanku in two business lines: in the Retail Banking segment and in the Corporate and Investment Banking subsegment.

- (3) Operations which are not included in the Retail Banking Segment and the Corporate and Financial Markets Segment are reported under "Other". This 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 2013 reporting structure for the period indicated below.

	Year ended 31 December 2013	
	Amount	per cent. of total
	<i>(PLN thousands)</i>	
	<i>(audited)</i>	
Retail Banking	911,883	60.1
Corporates and Financial Markets	588,342	38.8
- Corporates and Institutions.....	573,252	37.8
- Trading and Investment Activity	15,090	1.0
Other	17,478	1.1
Total.....	1,517,703	100

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 2013, the Group serviced approximately 3.7 million individual retail customers with gross loans and advances in the amount of PLN 36.2 billion and amounts due to retail customers of PLN 29.3 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.

In November 2013, mBank transformed its retail model, based on three brands (mBank, MultiBank and BRE Private Banking & Wealth Management) into one integrated retail offer (using the mBank logo) for micro-companies, the mass affluent and private banking customers.

mBank

mBank was launched in 2000 as an internet-based platform. 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.

mBank also incorporates MultiBank's products and services to the affluent segment. MultiBank was a traditional high street bank, which offered a broad range of products and services targeted at affluent customers and micro-businesses seeking a high quality, personalised service.

Distribution Channels

mBank offers a wide range of products and services primarily through the Internet, but also through a physical distribution network managed by Aspiro, telephone banking and ATM networks.

Internet

The internet platform is mBank's primary distribution channel. In 2013, the Bank introduced a new technologically advanced platform. The new mBank retail platform introduced over 200 new features and improvements. They include the mOKAZJE discount programme and 24 hour assistance offered by on-line experts via video, voice or text chat. The new functionalities allow clients to save time and help them to understand their past, present and future financial situation. The new virtual branches help clients to manage the majority of banking issues which would otherwise have been dealt with in a branch. A unique mobile-enabled user interface, advanced and integrated personal financial management tools, redesigned customer-centric navigation, social media-integrated offers and other innovative features have been positively reviewed by the financial press in Poland and internationally.

mBank predominantly acquires new customers through its own website and a network of partner online portals. Typically, a customer applies online and subsequently provides mBank with the documentation necessary to open an account and to access banking products and services.

Physical Distribution Network

As at 31 December 2013, the physical distribution network of mBank in Poland, managed by mBank's subsidiary Aspiro, consisted of 93 outlets (24 financial centres, 63 mKiosks and 6 Partner mKiosks) and 21 agent service points throughout Poland.

Since November 2013, MultiBank's distribution network of 133 branches in Poland, mostly in big cities, focused on affluent customers has been re-branded to mBank.

Telephone Banking

mBank's customers have access to various products and services through telephone banking. mBank's customers can choose to be connected to a call-centre based operator or to work with an interactive voice response system (IVR).

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, eCard, and BZ WBK networks. If the customers use "all ATMs for free" service, they can withdraw money free of charge at ATM networks of other banks.

Private Banking and Wealth Management

To qualify for Private Banking, a customer must have a minimum of PLN 1 million in assets and deposits with the Bank. Customers investing a minimum of PLN 2 million have access to a variety of investment products and strategies offered by mWealth Management.

Private Banking offers standard banking products (current accounts, term deposits, overdrafts, electronic banking, credit and debit cards), bank-assurance products, financial markets products (domestic and foreign mutual funds, brokerage services, commercial debt securities, government, municipal and international bonds, government bills, and foreign exchange transactions) as well as various types of non-standard loans. Each customer is serviced by 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 2013, the Group had 4,470 Private Banking and Wealth Management customers.

Products and Services in Poland

The Bank offers products and services to its retail customers such as current and savings accounts and deposit products, term deposits, lending products (mortgage loans and non-mortgage loans such as car loans, cash loans, overdrafts, credit cards and other loans products), debit cards, insurance and investment products, and brokerage services. As at 31 December 2013, the vast majority (91.8 per cent.) of the Bank's retail deposit products were PLN denominated.

Mortgage loans constituted the majority (74.4 per cent.) of the total loans to retail customers of the Group as at 31 December 2013. The Bank offers mortgage loans primarily in PLN and EUR. In August 2011 the Bank discontinued offering mortgage loans in CHF.

The Bank also offers non-mortgage loans including car loans, cash loans, overdraft facilities and credit cards. Non-mortgage loans constituted a minority of the total loans as at 31 December 2013.

The Bank offers its retail customers a wide range of debit and credit cards, issued in conjunction with Visa and MasterCard. As at 31 December 2013, the number of debit cards issued by the Bank reached approximately 5.7 million, while the number of credit cards stood at approximately 757,700.

mBank's offer includes an open platform of investment funds launched in February 2003 under the name "Investment Funds Supermarket". The open platform of investment funds is fully integrated with customer current accounts. As at 31 December 2013, investment funds assets of retail clients amounted to PLN 4.5 billion.

The Group's brokerage services are offered through mDom Maklerski (**mDM**) and through eMakler service at mBank. The brokerage accounts are fully integrated with customer current accounts. As at 31 December 2013, the Bank's customers had over 241,000 brokerage accounts.

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 individual 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 2013 mBank had 26 branches in the Czech Republic and 9 branches in Slovakia.

In 2013, mBank CZSK strengthened its operations by adopting various strategic initiatives, including the implementation of new risk scenarios, systematic process management, cost control measures, moving of call centre to Prague and expanding the range of services.

mBank CZSK continues to acquire new customers and to improve levels of product cross-selling. The number of customers in the Czech Republic and Slovakia grew by approximately 67,000 in 2013. At the end of December 2013 mBank in the Czech Republic and Slovakia had approximately 673,000 customers (approximately 486,000 at mBank CZ and approximately 187,000 thousand at mBank SK).

mBank's foreign operations successfully grew both loan portfolios levels and levels of customer deposits. mBank CZSK's loan portfolio increased by 20 per cent. for the year ended 31 December 2013 and amounted to PLN 2.1 billion (PLN 1.7 billion at mBank CZ and PLN 0.4 billion mBank SK). Deposits in the Czech Republic and Slovakia stood at PLN 4.9 billion as at 31 December 2013 (PLN 3.1 billion at mBank CZ and PLN 1.8 billion at mBank SK), which represents an increase by 11 per cent. year-on-year.

After the successful launch of its new transactional platform in Poland in June 2013, the roll-out of the mBank re-branding project in the Czech and Slovak market started in the first quarter of 2014.

Services Provided by Bank's Subsidiaries within Retail Banking

mBank Hipoteczny

mBank Hipoteczny was established in 1999 as a specialised mortgage bank. It offers the following services to its customers: loans for commercial developers, loans for residential developers, loans for local governments and mortgage loans for individuals. mBank Hipoteczny continues to be the largest specialised mortgage bank in Poland and the largest issuer of covered bonds in the Polish market (source: Bloomberg data). In 2013, the offer of mBank Hipoteczny was extended with market analysis and advisory services for investors and companies operating in the commercial real estate industry.

Aspiro

Aspiro was originally founded in July 2005. Aspiro enters into distribution agreements with the Bank and other banks operating in the Polish market under which it sells retail banking products through a distribution network which it operates. At the end of 2013, Aspiro offered products of 25 different financial companies, including those of retail services of mBank. The offering covered 54 products, including mortgage loans, cash loans, insurance products, investment products, leasing and factoring.

mWealth Management

mWealth Management was founded in August 2000. 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.

BRE Ubezpieczenia TUiR

The core business of the BRE Ubezpieczenia TUiR is personal insurance and property insurance. BRE Ubezpieczenia TUiR sells its products through an internet platform developed in co-operation with retail branches of the Bank. In addition, typical products known as *bancassurance* for customers of the Bank are sold via an insurance agent, BRE Ubezpieczenia. The Bank holds 100 per cent. of the shares in BRE Ubezpieczenia TUiR indirectly through Aspiro.

BRE Ubezpieczenia

The core business of BRE Ubezpieczenia is to provide services as an insurance agent and wider services related to settlement of insurance agreements. Its direct parent entity is BRE Ubezpieczenia TUiR. The Bank holds 100 per cent. of the shares in BRE Ubezpieczenia indirectly through Aspiro and BRE Ubezpieczenia TUiR.

BRE Agent Ubezpieczeniowy

The core business of BRE Agent Ubezpieczeniowy is to provide services as an insurance agent (administration of high LTV insurances). Its direct parent entity is BRE Ubezpieczenia TUiR. The Bank holds 100 per cent. of the shares in BRE Agent Ubezpieczeniowy indirectly through Aspiro and BRE Ubezpieczenia TUiR.

Dom Maklerski mBanku (mDom Maklerski)

Dom Maklerski mBanku was founded in 1991. mDom Maklerski 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 2013, mDom Maklerski held approximately 295,500 securities accounts serviced through customer service points as well as the internet and mobile trading platforms. In 2013, mDom Maklerski generated 4.1 per cent. of all stock trades in Poland, 17.5 per cent. of all futures trades and 20.3 per cent. of all options trades on the Warsaw Stock Exchange (source: Warsaw Stock Exchange data).

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

Corporate and Investment Banking customers are enterprises with a minimum annual turnover of PLN 3 million, public sector entities (including local governments) and non-banking financial institutions (including insurance companies, open pension funds and investment funds).

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

- (a) K1 customers: 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 non-banking financial institutions (including pension and investment funds and insurance companies);
- (b) K2 customers: medium-sized enterprises with annual revenues between PLN 30 million and PLN 500 million, mid-sized public sector companies (including local governments); and
- (c) K3 customers: small and medium enterprises with annual revenues between PLN 3 million and PLN 30 million.

The Bank holds a strong position in the corporate banking segment in Poland. According to NBP data as at 31 December 2013, the Bank had a market share of 5.9 per cent. in corporate loans and 8.3 per cent. in corporate deposits.

Distribution Channels

Corporate Banking customers have access to 47 corporate branches and offices in Poland. Each Corporate Banking customer is managed by a team of experts dedicated to developing the individual customer's relationship with the Bank comprising a client relationship manager, business analyst and product advisers as well as a risk officer.

Corporate Banking customers can also enter into certain transactions (for example, domestic and foreign payment transactions, selected trade finance transactions, foreign exchange transactions, cash management and deposits) by using the Bank's internet banking platform mBank CompanyNET.

Products and Services

Transactional Banking

The Bank offers its Corporate Banking customers transactional banking solutions ranging from standard transactional banking products to specialised, tailor-made products. The standard transactional banking products include accounts, payments, cash operations management, payment cards, foreign exchange transactions, overdrafts, overnight and term deposits. The specialised, tailor-made products include advanced liquidity management services, cash pooling and advanced cash management products, including mass payment collection and identification services as well as financial surplus management. These tailor-made products offered by the Group also facilitate effective management of payments, cash flows and the liquidity of small- and medium-sized companies, large corporations and public finance sector entities and result in the enhancement of customers' operational efficiency. A number of the Bank's products are available through its mBank CompanyNET.

Short-term and long-term financing

The Bank provides targeted short-term financing through overdraft facilities and revolving loans, comprehensive packages of short-term multi-product and multi-currency financing (umbrella credit facility) available under one facility comprising overdraft, revolving loan, guarantees and letters of credit.

The Bank offers tailor-made long-term financing dedicated to customers' investments needs. The Bank's products include co-financing with the use of EU funds, tailor-made to customer needs.

Investment Banking Products

Investment Banking Products for Corporate Banking Customers

The Bank provides its Corporate Banking customers with market risk management products, liquidity management and investment products as well as debt origination services. Risk management products enable customers to manage their foreign exchange, interest rate and commodity risk through the use of derivative instruments. Liquidity management and investment products include deposits with the possibility of negotiated terms of agreements, debt securities and sell buy back transactions or repo transactions. Corporate Banking customers are managed by dedicated corporate sales dealers from the Financial Markets Sales Department, who are located both at the Bank's headquarters and in selected corporate branches. Transactions are primarily conducted via direct telephone communication and the mPlatform FX.

The reorganisation of Corporate and Investment Banking in the second half of 2013 has enabled the Bank to integrate all of its Investment Banking products for corporate clients into one operating segment. The scope of activities of Corporate and Investment Banking has been extended to include investment banking services for corporates including raising capital through the issue of shares, issue of corporate bonds and advisory services in the field of mergers and acquisitions.

Investment Banking Products for Non-banking Financial Institutions

The Bank provides its non-banking financial institution clients with market risk management products, liquidity management investment and custody products.

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.

Structured and Mezzanine Finance

The Bank offers its Corporate Banking customers a wide range of structured and mezzanine financing, including project and asset finance, commercial real estate finance and acquisition finance. The Bank provides all of these finance offerings either as stand-alone or syndicated financing.

Services Provided by Bank's Subsidiaries within Corporates and Institutions

mLeasing

mLeasing was established in 1991. mLeasing provides financial and operating leasing of cars, trucks, machinery and real estate. The majority of mLeasing's customers are small- and medium-sized enterprises.

mFactoring

mFactoring was established in 1995. mFactoring offers factoring services including domestic and export recourse and non-recourse factoring and import guarantees. mFactoring relies mainly on the Bank's distribution channel. mFactoring's products are also distributed through its own distribution channel, comprising five branches located throughout Poland.

Transfinance

Transfinance a.s. provides factoring services to small and medium-sized enterprises in the Czech Republic.

Dom Maklerski mBanku (mDom Maklerski)

mDom Maklerski offers brokerage services for both corporate and retail customers. The institutional trading desk of mDom Maklerski 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 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 and (vii) Custody 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 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. The Treasury Department is engaged in setting 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 mBank in the domestic and international capital markets.

Financial Markets Department

The main activities of the Financial Markets Department are:

- (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 main activities of the Financial Markets Sales Department are:

- (a) direct sales of financial markets products to corporate banking customers and selected private banking customers; and
- (b) structuring of financial products in the area of foreign exchange, fixed income, 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, loans, including syndicated loans and loans guaranteed by KUKI (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 main activities of the Brokerage Bureau are:

- (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 are:

- (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 customers; and
- (b) supervising sales of equity products and equity research carried out by mBank Brokerage House executed by Head of the Department.

Custody Department

The main activities of the Custody Department are:

- (a) direct sales of custody services to corporate customers, non-banking financial institutions and selected banks;
- (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.

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	
	2013	2012
Bank.....	4,696	4,728
Subsidiaries (consolidated)	1,377	1,410
Total.....	6,073	6,138

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. These programmes grant bonds convertible into shares of the Bank. In 2013, the Bank issued 35,037 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 400 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 information technology systems of material importance to the operations of the Bank are: (i) Globus – the Group's central transaction and accounting system for corporate and investment transactions which also serves as the legacy system, (ii) Altamira – a system used in the Retail Banking segment for providing complex services to customers with respect to banking products through access to the database of the Group's products, (iii) CHDB – a comprehensive, common and structured source of historical information regarding corporate, retail, investment and private banking information of the Group (it acts as a data warehouse for all IT related information of the Group), (iv) Kondor 3.1 – 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) 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, (vi) CRM – handles the customer relation management for corporate and retail customers and (vii) 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.

The Group has executed standard agreements with suppliers of IT systems material to its operations under which it acquired licenses to use such systems. Moreover, the Group has secured guaranteed service support in the event of system breakdowns and system updates. According to the Bank neither the Bank nor its subsidiaries are 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-	–
Outlook of long-term rating.....	stable	negative

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+ (negative outlook). 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 "negative outlook" indicates that the credit rating may be lowered.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 (stable 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 "stable outlook" indicates that the credit rating is likely to be stable 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.

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 indicate 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 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.

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 (or 51 per cent. in some instances) of the Bank's share capital or a corresponding majority of the total number of votes in the Bank.

As at 31 December 2013 and 2012 the total outstanding indebtedness of the Group to the Commerzbank Group was the equivalent of PLN 14.4 billion and PLN 17.2 billion respectively. The total outstanding short-term indebtedness of the Group to the Commerzbank Group was the equivalent of PLN 3.7 billion as at 31 December 2013 and PLN 3.5 billion as at 31 December 2012.

In addition to the above, as at 31 December 2013, the Group indebtedness to banks and other institutions other than Commerzbank was as follows:

- (a) Euro denominated loan agreements with the European Investment Bank: PLN 2.1 billion;
- (b) loan agreements with other banks: PLN 0.6 billion; and
- (c) debt securities issued: PLN 5.4 billion.

See "*Documents incorporated by reference - I(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.

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.

Moreover, members of the Management and Supervisory Board and members of the management and supervisory boards of some subsidiaries are subject to civil liability insurance related to their functions including director and officers liability insurance.

Significant Fixed Assets and Intangible Assets

Significant Tangible Fixed Assets

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

	As at 31 December	
	2013	2012
	<i>(PLN thousands) (audited)</i>	
Tangible assets.....	672,519	733,553
Land	1,267	1,175
Buildings and constructions	215,061	219,773
Equipment.....	147,926	162,573
Vehicles	190,017	212,490
Other tangible assets ¹	118,248	137,542
Fixed assets under construction ²	37,033	40,351
Total fixed assets.....	709,552	773,904

Source: Consolidated Financial Statements

¹ Other tangible 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 fixed 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	
	2013	2012
	<i>(PLN thousands) (audited)</i>	
Development costs.....	382	490
Goodwill.....	4,728	4,728
Patents, licences and similar assets, including:	343,802	282,619
- computer software.....	289,606	228,750
Other intangible assets.....	7,067	7,968
Intangible assets under development.....	99,366	140,318
Total.....	455,345	436,123

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 442 court cases, in 235 of which it is the plaintiff and in 207 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 551.9 million, while the total value of claims brought by the Bank amounts to some PLN 114.8 million. As at the date of this Base Prospectus, the total value of the provisions created against any litigation amounts to PLN 59.9 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 the Base Prospectus

Proceedings related to foreign exchange derivative transactions

As at the date of this Base Prospectus, the Bank is a party to 20 court proceedings related to foreign exchange derivative transactions (futures transactions, CIRS, foreign exchange options). Of these 20 court proceedings, in four cases the Bank is both the defendant and the plaintiff. The Bank is the defendant in nine and the plaintiff in the other seven. The aggregate value of claims subject to court dispute in these cases amounts to PLN 152.3 million. The highest individual claim is for PLN 37.9 million by Teleskop Sp. z o.o. (**Teleskop**) before the Arbitration Court of the Polish Bank Association. Teleskop has demanded that, *inter alia*, certain financial market transactions concluded between Teleskop and the Bank in August 2008 be declared void and ineffective. This action was dismissed in its entirety. The Bank was awarded PLN 24,159,517 plus interest and PLN 107,162 as reimbursement of proceedings costs and has made a declaration of enforceability of the judgment for which proceedings are in progress. Teleskop has submitted a complaint to set aside the judgment.

It is possible that 12 further clients will institute similar claims against the Bank to avoid paying their obligations under derivative contracts entered into with the Bank.

The Bank has also instituted proceedings against clients who refused to pay their underlying obligations under these foreign exchange derivatives.

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 have 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 to the Court of Appeal.

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. Drożdż 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, 166 entities have requested that the Bank enter into settlement negotiations over an aggregate amount of PLN 373,935 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. 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 1247 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 judgment. The plaintiff, on the other hand, appealed against the decision on the costs of the proceedings. Currently, the Bank is awaiting the determination of the appeal hearing date. The case is pending.

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

The Bank uses a number of trademarks in its activities. As at the date of this Base Prospectus, the Bank has registered rights to some 40 trademarks and filed for the registration of additional trademarks with the Polish Patent Office. Additionally, the Bank has obtained protection rights to MultiBank trademarks and filed for the registration of additional marks.

The Bank has filed for the registration of a number of trademarks outside Poland, as well as for the international registration of trademarks under the Madrid system.

The Bank has also obtained protection rights to a number of Community designs.

Website Domains

The Group uses some 340 registered internet domains, including brebank.pl, mbank.pl, and multibank.pl.

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 2012 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 Group as a description of the maximum risk, in terms of both amount and structure, which the Bank is willing and able to incur in pursuing its business objectives without allowing existential threats (beyond the inherent existential risks – see below). 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 operational 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.

One of the outcomes of the implementation of the One Bank Strategy in the Risk Area was the establishment of the Risk Forum in early 2013. The Risk Forum includes the following committees which are the decision-making and communication platforms based on the concept of strengthening the Business-Risk dialogue:

- (a) Retail Banking Risk Committee (KRD);
- (b) Corporate and Investment Banking Risk Committee (KRC);
- (c) Financial Markets Risk Committee (KRF).

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.

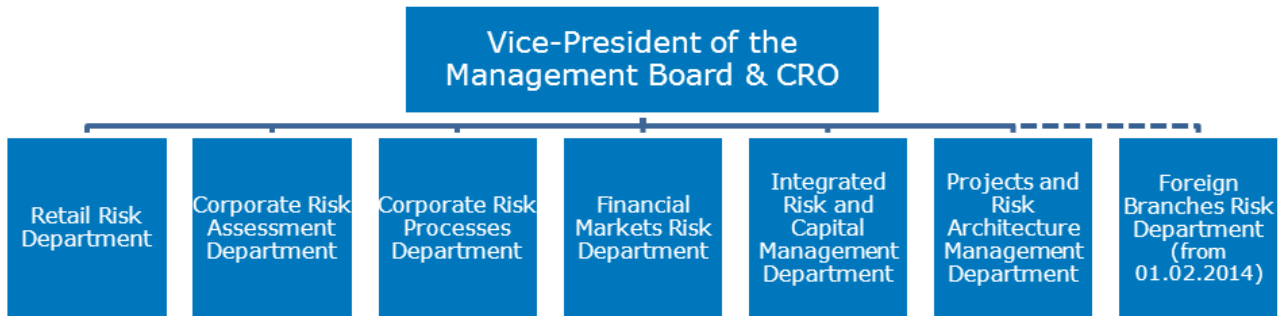
Taking into account the external regulatory limitations, the above tasks are performed also in relation to the subsidiaries.

- (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, as well as capital adequacy of the Group.

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.

Polish banking market is still operating as a two-tiered system. According to the KNF, as at 31 December 2013, there were 41 commercial banks in Poland, 28 branches of credit institutions and more than 570 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. Two thirds of the banking assets in the country belong to foreign-owned banking groups. (Source: KNF data)

There have been some mergers and acquisitions in the Polish banking sector over the past two years, such as the expansion into Poland by Banco Santander S.A. and Raiffeisen Bank International AG. In July 2013, PKO BP, the largest Polish bank, announced the acquisition of Nordea Bank's assets in Poland. The merger is to be completed in the first half of 2014. In November 2013, BNP Paribas reached an agreement to acquire BGŻ bank, the Polish affiliate of Netherlands-based Rabobank, which decided to exit from Poland.

Largely as a result of foreign investment, there is a relatively high level of competition between the leading banks in the local market, including the Bank.

Financial Situation of the Polish Banking Sector

The Polish banking sector still has considerable potential for growth, as compared to many other EU Member States. According to European Central Bank data the banks' aggregate assets in the Polish banking sector, expressed as a percentage of Poland's GDP, are significantly lower compared to the average in the European Union.

Customer deposits are the main funding source of loan activity. The banking sector is reducing its reliance on funding by parent companies outside of Poland. A growth in the deposit base in 2013 was driven by a general increase in household income and corporate revenues.

In 2013, several banks placed bond issues on the domestic wholesale market, which helped to maintain high liquidity in the sector.

The condition of the banking sector remained strong in 2013 despite the economic slowdown and factors which restrained growth in earnings, such as cuts of the reference interest rate by a total of 175 basis points, a reduction of interchange fees from card transactions or the additional precautionary fee for the banking stabilisation fund used for the restructuring of failing banks introduced by the Bank Guarantee Fund (0.009 per cent. of RWA). In 2013, total earnings of the banking sector were only slightly lower than in 2012. The KNF reported that the aggregate net profit of Polish banks in 2013 reached PLN 15.43 billion, -0.3 per cent. year-on-year.

The banks in Poland are well-capitalised. Polish banks' capital ratios have improved over the last year, mainly thanks to more moderate asset growth and steady earnings. According to the KNF, the average capital adequacy ratio for the Polish banking sector at the end of December 2013 stood at 15.8 per cent. and Core Tier I ratio at 14.2 per cent.

The economic upturn expected in Poland in 2014 is expected to have a positive impact on the banking sector's earnings and it is expected to outweigh the impact of additional regulation, such as reduced interchange fees (to 50 basis points from July 2014 from 120-130 basis points in 2013) and a higher bank precautionary fee.

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. 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, 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 are:

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 and 22 November 2013 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 2013 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 the Articles of Association (broadly the traditional services of an EU Bank).

On 30 March 2010, the Extraordinary General Shareholders' Meeting passed Resolution no. 24 amending the Bank's Articles of Association under which the Bank's operations were expanded to include:

- (a) issuing e-money instruments; and
- (b) performing the function of a settlement agent in accordance with the provisions of the act of 12 September 2002 on electronic payment instruments.

Major Shareholders

As at the date of this Base Prospectus, the share capital of the Bank comprised 42,175,558 shares, including (a) 42,157,558 ordinary bearer shares listed on the main market of the Warsaw Stock Exchange, and (b) 18,000 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.

From June 2012 to December 2013 the Bank issued 71,267 shares in total; the shares were issued as a part of the conditional increase in the share capital of the Bank pursuant to two motivation 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 preemptive 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 2013, the Bank's share capital increased by PLN 140,148 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 10 January 2014. Currently the Bank's share capital is PLN 168,702,232 and is divided into 42,175,558 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 18,000 registered shares of the Bank), the Bank has information on its shareholders based on notifications provided to the Bank under Article 69 of the Public Offering Act.

As at the date of this Base Prospectus, Commerzbank was the Bank's majority shareholder, holding 29,352,897 shares representing 69.60 per cent. of the share capital of the Bank and the same proportion of the voting rights at the General Shareholders' Meeting. Commerzbank holds only ordinary bearer shares, each of which gives the right to one vote at the General Shareholders' Meeting. Commerzbank does not have

any additional voting rights at the General Shareholders' Meeting. For a more detailed discussion on Commerzbank's control over the Bank, see "*Control of Commerzbank over the Bank*".

The five per cent. threshold of shares and votes at the General Meeting, which require disclosure of holdings, is also exceeded by two open pension funds:

In the second half of 2011, ING Otworthy Fundusz Emerytalny disclosed that as a result of acquiring the Bank's shares through transactions on the Warsaw Stock Exchange, it became a holder of over 5 per cent. of the votes at the General Shareholders' Meeting; and

In August 2013, AVIVA Otworthy Fundusz Emerytalny Aviva BZ WBK, exceeded 5 per cent. of the votes at the General Shareholders Meeting.

According to the annual structure of assets as at 31 December 2013 published by pension funds, the share of ING Otworthy Fundusz Emerytalny in the Bank's share capital and in the total number of votes at the General Meeting stood at 5.76 per cent. AVIVA Otworthy Fundusz Emerytalny Aviva BZ WBK held shares constituting 5.11 per cent. of the Bank's share capital representing 5.11 per cent. of the voting rights at the General Meeting.

The table below sets out information on the shareholding structure of the Bank as at the date of this Base Prospectus:

	Number of shares	per cent. of voting rights at the General Shareholders' Meeting
Commerzbank AG.....	29,352,897	69.60 per cent.
Other shareholders.....	12,822,661	30.40 per cent.
Total	42,175,558	100 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

Commerzbank is a leading bank in Germany. In May 2009, Commerzbank acquired Dresdner Bank AG. This was one of the largest acquisitions in the history of German banking.

The Commerzbank group is divided into five operating segments - Private Customers, Mittelstandsbank, Corporates & Markets, Central & Eastern Europe and Non-Core Assets - and Others and Consolidation. Based on total assets as of 30 June 2013, the Commerzbank group believes that it is the second-largest bank in Germany. At present it has approximately 1,200 branches, one of the most extensive branch networks of all private German banks, serving customers from every customer group.

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, the 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 totalling CHF 950 million. These were equivalent of approximately PLN 3.3 billion at the end of 2013 and in addition, the Bank has used funding from Commerzbank. As at 31 December 2013 and 2012 the total outstanding indebtedness of the Group to the Commerzbank Group (excluding subordinated debt) was the equivalent of PLN 14.4 billion and PLN 17.2 billion respectively. The total outstanding short-term indebtedness of the Group to the Commerzbank Group was the equivalent of PLN 3.7 billion as at 31 December 2013 and PLN 3.5 billion as at 31 December 2012.

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

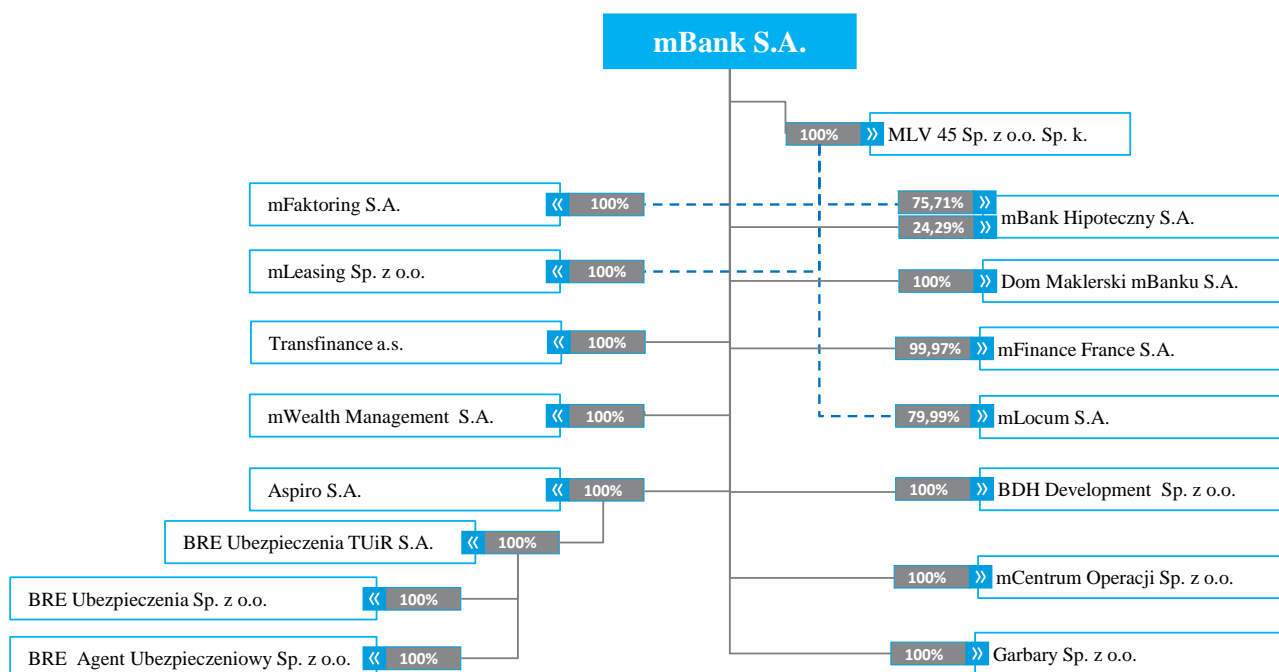
General Information

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 2013 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.

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 275,000,000
Core activities:	granting mortgage loans to finance commercial property, development projects and projects for local authorities, and issuing mortgage and public bonds

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

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

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 58,176,000
Core activities: administering real estate consisting of land located at ul. Garbary 101/111 in Poznań

mFaktoring

Principal information:

Name and legal form: mFaktoring 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

Transfinance

Principal information:

Name and legal form: Transfinance a.s.
Registered office and address: Corso Karlin Krizikova 237/36a, 186 00 Prague 8, Czech Republic
Share capital: CZK 112,000,000
Core activities: factoring activities

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 mFaktoring S.A. and 100 per cent. shares in mLeasing Sp. z o.o.

mFinance France

The Bank holds directly and indirectly shares representing 99.97 per cent. of the share capital of mFinance France, which entitles it to exercise 99.97 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

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

mWealth Management

Principal information:

Name and legal form: mWealth Management S.A. (joint-stock company)
Registered office and address: ul. Wspólna 47/49, 00-684 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 2nd, non-life insurance segment — other personal and property insurance

BRE Ubezpieczenia

Principal information:

Name and legal form: BRE Ubezpieczenia Sp. z o.o. (limited liability company)
Registered office and address: ul. Ks. I. Skorupki 5, 00-963 Warsaw
Share capital: PLN 1,000,000

Core activities: providing insurance agent services and providing services in respect of settlements of insurance contracts on behalf of the insured

BRE Agent Ubezpieczeniowy

Principal information:

Name and legal form: BRE Agent Ubezpieczeniowy Sp. z o.o. (limited liability company)
Registered office and address: ul. Ks. I. Skorupki 5, 00-963 Warsaw
Share capital: PLN 50,000
Core activities: providing insurance agent services (administration of high LTV insurances)

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

mLocum

The Bank holds, indirectly via its subsidiary BRE Holding, shares representing 79.99 per cent. of the share capital of BRE.locum, 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

BDH Development

Name and legal form: BDH Development Sp. z o.o. (limited liability company)
Registered office and address: Aleja Armii Ludowej 26, 00-609 Warszawa
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

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	57	President of the Management Board, the Bank's Director General	1 October 2010	mBank's AGM in 2018
Jörg Hessenmüller	43	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	47	Vice President of Management Board Head of Corporate and Investment Banking	19 November 2008	mBank's AGM in 2018
Lidia Jabłonowska-Luba	50	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	45	Vice President of the Management Board, Head of Financial Markets	10 July 2009	mBank's AGM in 2018
Cezary Kocik	43	Vice President of the Management Board, Head of Retail Banking	1 April 2012	mBank's AGM in 2018
Jarosław Mastalerz	42	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

Born in 1956, Cezary Stypułkowski holds a Ph.D. in corporate law from the University of Warsaw. From 1988 to 1989 he studied at Columbia University Business School in New York as a member of the Fulbright Programme. He worked in government administration in the 1980s, as Secretary to the Economic Reform Committee of the Council of Ministers and, in 1987, served as Advisor to the Prime Minister. As of February 1991, he had chaired the Management Board of Bank Handlowy S.A. for more than 12 years. He was President of PZU Group between June 2003 and June 2006. In December 2006, he became Managing Director of J.P. Morgan Investment Banking responsible for Central and Eastern Europe. Cezary Stypułkowski was also a member of the Deutsche Bank International Advisory Board. He was also a board member of INSEAD International Advisory Board and the Institute of International Finance in Washington. From 2005 to 2006 he was a member of the Geneva Association.

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

Born in 1970, he graduated from the Hochschule für Bankwirtschaft in Frankfurt am Main in 1997 and was awarded a master's degree in management (Diplom-Betriebswirt (FH)). From 1989 to 2009 he worked for Dresdner Bank as Head of DKIB Financial Control being responsible for Finance, Controlling and Taxes for locations in London, New York, Moscow, Sao Paulo and Asia. In 2009, Jörg Hessenmüller was appointed a Managing Director of Commerzbank Group and worked as Head of Investment Banking Finance, Group Finance where he was also responsible for controlling and management reporting on Corporates & Markets, Portfolio Restructuring Unit, Group Treasury, Public Finance.

He has been a member of the Management Board of the Bank since 16 April 2012.

Przemysław Gdański

Born in 1967, he graduated from the University of Gdansk (MSc 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 at IESE Business School of University of Navarra.

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 Large Corporates Division in BPH Bank. From May to November 2006, he was CEO and General Director of Calyon Bank Polska and the 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 Deputy CEO of Pekao S.A. (then the largest bank in Poland), responsible for Corporate Banking, Markets and Investment Banking in Division.

He has been a member of the Management Board of the Bank since 19 November 2008, responsible for Corporate Banking (he did not hold any positions at the Bank before that date). He currently holds the position of Vice-President of the Management Board and is responsible for Corporate and Investment Banking.

Lidia Jabłowska-Luba

Born in 1963, she graduated from the Mathematics Institute of the University of Gdańsk.

Lidia Jabłowska-Luba was formerly Senior General Manager at KBC Group in Brussels with responsibility for managing all risk types in the group. Additionally, she held the position of Vice-Chairman of the Group Risk Management Committee and Member of the Group Risk and Capital Oversight Committee and ALCO at KBC Group. Before moving to Brussels, Lidia Jabłowska-Luba served as Vice-President of the Management Board of Kredyt Bank and Advisor to the CEO of Warta S.A. and TUnŻ Warta S.A., acting as Chief Finance and Risk Officer. From 1994 to 2001, Ms Jabłowska-Luba was Vice-President of Schroder Salomon Smith Barney Poland, advising a number of clients, financial institutions in particular, on M&A and public equity transactions. In 2002, Lidia Jabłowska-Luba joined Citigroup in Poland, first as Head of Financial Institutions & Public Sector Division and, since November 2003, as Member of the Management Board, CFO.

She has been a Vice-President of the Management Board of the Bank since 12 April 2013; 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

Born in 1968, he graduated from the Westphalian Wilhelms University of Münster in 1996. Between 1991 and 1992, Mr Kemler worked in the Bond Trading Department at Dresdner Bank. From 1996 to 1998, Mr Kemler was employed with Sal. Oppenheim jr. & Cie. KGaA, Financial Markets in Frankfurt.

From 1998 to 2005 he worked as a Managing Director for Corporate Risk Advisory in the head office of Commerzbank. From 2005 to mid 2009, Mr Kemler was a member of the public finance management team at Commerzbank, responsible for international public finance. He was also a Managing Director of Erste Europäische Pfandbrief und Kommunalkreditbank AG in Luxemburg.

He has been a member of the Management Board of the Bank since 10 July 2009 (he did not hold any positions at the Bank before that date).

Cezary Kocik

Born in 1971, he graduated from the University of Łódź with a degree in Finance and Banking. He is a licensed stockbroker.

From 1994 to 1996 he worked in the Stockbroker House of PBG Bank as a Stockholder. In 1996 he worked for PBG Bank in investment banking and debt and restructuring. In 1999, he worked at Bank Pekao S.A. in the Debt Recovery and Restructuring Department. Since 2000, he has been Head of Branch in Łódź and since 2004 he has been associated with the Bank. He was initially Head of Retail Credit Risk Department and in 2007 he became Head of MultiBank Marketing and Sales Department. Since 2008 he has been Managing Director for retail banking sales and business processes.

He has been a member of the Management Board of the Bank since 1 April 2012.

Jarosław Mastalerz

Born in 1972, he graduated in 1996 from the Faculty of Economy and Foreign Trade at the University of Łódź.

From 1996 to 1998 he worked in the audit department of PricewaterhouseCoopers. Starting in 1998, he worked as a Marketing Director and later as a Financial Director at the Zurich Group. After the take-over of the Polish Zurich operations by Generali in 2003, he worked as a Financial Director (also responsible for bank-assurance) at Generali TU and Generali TUnZ. Since 2006 he has worked for the Group, where he was a co-author of the insurance project BRE Ubezpieczenia, and has held the position of the President of the BRE Ubezpieczenia and BRE Ubezpieczenia TUiR.

He has been a member of the Management Board of the Bank since 1 August 2007 (he did not hold any positions at the Bank before that date).

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

In the table below, information on other companies in which members of the Management Board held or are still holding Management Board or Supervisory Board positions during the last five years is shown. Except for the companies and positions listed above, the members of the Management Board held or are still holding management and supervisory board positions at the following companies:

Full name	Company	Position	Is the position held as at the Date of this Base Prospectus?
Cezary Stypułkowski	TELE-FONIKA Kable Sp. z o.o. S.K.A.	Member of the Supervisory Board	No
Lidia Jabłonowska-Luba	Kredyt Bank	Vice-President of the Management Board	No
	Kredyt Bank	Member of the Supervisory Board	No
Jörg Hessenmüller	–	–	–
Hans Dieter Kemler	Erste Europäische Pfandbrief-und Kommunalkredit AG	Managing Director	No
	ABC Data S.A.	Member of the Supervisory Board	Yes
Przemysław Gdański	Bank Polska Kasa Opieki S.A.	Deputy President of the Management Board	No
	Pekao Leasing S.A.	Chairman of the Supervisory Board	No
	Bank BPH S.A.	Deputy President of the Management Board	No
	BPH Bank Hipoteczny S.A.	Member of the Supervisory Board	No
	BPH PBK Leasing S.A.	Chairman of the Supervisory Board	No
	BPH Leasing S.A.	Chairman of the Supervisory Board	No
	BPH Auto Finanse S.A.	Chairman of the Supervisory Board	No
	Calyon Bank Polska S.A./Calyon SA Oddział w Polsce	Chief Executive Officer	No
	Mennica Polska S.A.	Member of the Supervisory Board	No
	Optimus S.A.	Member of the Supervisory Board	No
	Experior spółka z ograniczoną odpowiedzialnością	Member of the Supervisory Board	Yes
	Venture Fund I Spółka Komandytowo-Akcyjna		
Jarosław Mastalerz	GENERALI PTE S.A.	Member of the Management Board	No
	GENERALI Życie Towarzystwo Ubezpieczeń S.A.	Member of the Management Board	No

Full name	Company	Position	Is the position held as at the Date of this Base Prospectus?
	GENERALI Towarzystwo Ubezpieczeń S.A.	Member of the Management Board	No
	GENERALI Finance Sp. z o.o.	Member of the Management Board	No
	GENERALI Autoprogram Sp. z o.o.	Member of the Management Board	No
	GENERALI PTE S.A.	Member of the Supervisory Board	Yes
Cezary Kocik	–	–	–

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 Jan Szomburg;
- (b) The Audit Committee is composed of: Stephan Engels (Chairman), Andre Carls, Maciej Leśny, Teresa Mokrysz. The Audit Committee includes two members who meet the independence criteria (Maciej Leśny and Teresa Mokrysz). All members of the Audit Committee have the qualifications required by law in accounting or audit;
- (c) The Risk Committee is composed of: Dirk Wilhelm Schuh (Chairman), Thorsten Kanzler, Maciej Leśny and Waldemar Stawski; and
- (d) The Remuneration Committee is composed of: Andre Carls (Chairman), Maciej Leśny and Marek Wierzbowski.

Members of the Supervisory Board

Basic Information

As at the date of this Base Prospectus, the Supervisory Board consists of 12 members. On 30 March 2011 the 24th Ordinary General Meeting of the Bank elected the members of the Supervisory Board for the joint term of office of three years. On 30 March 2011 the Supervisory Board appointed Maciej Leśny as Chairman of the Board. Following the resignation of Achim Kassow, Ulrich Sieber was appointed as Deputy Chairman of the Board from 13 July 2011. In 2012, due to the resignation of Eric Strutz, Stephan Engels was appointed as Member of the Board from 1 April 2012. Following the resignation of Sascha Klaus, Dirk Wilhelm Schuh was appointed as Member of the Board from 26 July 2012. The Ordinary Shareholders' Meeting on 11 April 2013 appointed Martin Blessing and Wiesław Thor as Members of the Supervisory Board. Following the resignation of Ulrich Sieber, Martin Zielke was appointed as Deputy Chairman of the Supervisory Board on 12 December 2013.

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.

Full name	Age	Position in the Supervisory Board	Date of coming into office	Date of end of the term of office
Maciej Leśny	66	Chairman of the Supervisory Board (independent member of the Supervisory Board)	30 March 2011	31 March 2014
Martin Zielke	51	Deputy Chairman of the Supervisory Board	12 December 2013	31 March 2014
Martin Blessing	50	Member of the Supervisory Board	12 April 2013	31 March 2014
Andre Carls	50	Member of the Supervisory Board	30 March 2011	31 March 2014
Stephan Engels	51	Member of the Supervisory Board	1 April 2012	31 March 2014
Thorsten Kanzler	49	Member of the Supervisory Board	30 March 2011	31 March 2014
Teresa Mokrysz	59	Member of the Supervisory Board	30 March 2011	31 March 2014

<u>Full name</u>	<u>Age</u>	<u>Position in the Supervisory Board</u>	<u>Date of coming into office</u>	<u>Date of end of the term of office</u>
Dirk Wilhelm Schuh	58	Board (independent member of the Supervisory Board) Member of the Supervisory Board	26 July 2012	31 March 2014
Waldemar Stawski	54	Member of the Supervisory Board (independent member of the Supervisory Board)	30 March 2011	31 March 2014
Jan Szomburg	61	Member of the Supervisory Board	30 March 2011	31 March 2014
Wiesław Thor	56	Member of the Supervisory Board	12 April 2013	31 March 2014
Marek Wierzbowski	66	Member of the Supervisory Board (independent member of the Supervisory Board)	30 March 2011	31 March 2014

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 six years in the shipbuilding industry in Gdańsk and for eight years in Zakłady Elektronicznej Techniki Obliczeniowej. For more than 22 years he had worked in the central state administration, including eight years in the position of Undersecretary of State in: the Ministry of Foreign Economic Cooperation; 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 Michigan University (Business School of Administration) and De Paul University (Chicago). From 1992 to 1993, under a scholarship from the U.S. 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 privatisation 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:
ul. Senatorska 18
00-950 Warsaw
Poland

Martin Zielke

Appointed as a Member and Deputy Chairman of the Supervisory Board on 12 December 2013.

Mr Zielke studied at Göttingen University from 1985 to 1990 where he graduated with a Master's degree (Diplom-Kaufmann) in Economics.

From 1983 to 1985 he worked for Deutsche Bank AG, Kassel Branch. From 1990 to 2000 he worked for Dresdner Bank AG in Frankfurt am Main. From 1990 to 1995, Mr Zielke was the manager of sub-projects relating to retail customer strategy. In 1997, he was the head of a new market positioning project. From 1997 to 1999, Mr Zielke was the Regional Head of Retail Banking, Northern Region. From 1999 to 2000, Mr Zielke was the Head of a special project on retail banking and Head of Business Development.

Mr Zielke was the Regional Head of Portfolio Investment, Member of Operative Management Team in Deutsche Bank 24 until May 2001. From June to December 2001, Mr Zielke was the Regional Head of Financing Retail Banking with Deutsche Hyp, Frankfurt am Main. From January 2002 to December 2004, he was the Group Manager, Retail Banking, Commerzbank AG, Frankfurt am Main. Between January 2005 and 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 Group Manager of the Group Finance Division with Commerzbank AG, Frankfurt am Main.

Since November 2010 Mr. Zielke 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 the Supervisory Boards of Comdirect Bank AG, Commerz Real AG and Commerz Real Investmentgesellschaft mbH.

Business address:
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. Martin 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.

Business address:
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 of comdirect bank AG.

From March 2008 to September 2008 he held the position of Vice-President of the Management Board and CFO of BRE Bank SA (now 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 Divisional Board Member in the "Mittelstandsbank" of Commerzbank AG.

Business address:
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, Mr. Engels served as Chief Financial Officer at debis AirFinance B.V. In 2000 he joined DaimlerChrysler Bank AG, lastly as Member of the Board for Credit then Chief Financial Officer & IT. In 2003, he joined DaimlerChrysler Services AG as a Member of the Board for Finance, Controlling, Risk Management & Strategy. From 2007 to 2012 Mr. Engels 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, Mr. Engels has been a Member of the Board of Managing Directors at Commerzbank AG.

Business address:
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:
Kaiserplatz
60311 Frankfurt am Main
Germany

Teresa Mokrysz

Member of the Supervisory Board of the Bank (independent member).

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. Ms Mokrysz 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 the food industry). Under her leadership the company entered nearly 70 markets, selling its products on all continents.

Ms Mokrysz was awarded the "Leader of the Decade" title, given by Gazeta Wyborcza daily, and the "Success of the Decade" title by the Businessman Magazine. In 2000, the International Foundation for Women's Entrepreneurial Spirit in Los Angeles awarded Ms Mokrysz the title of "the most entrepreneurial woman of the world". Founder of scholarships for talented and impoverished youth, she also provides financial support to health care institutions, nursing homes, children's homes and schools.

Business address:
ul. Katowicka 265a
43-450 Ustroń
Poland

Dirk Wilhelm Schuh

Member of the Supervisory Board of the Bank.

Dirk Schuh is a graduate of the Frankfurt School of Finance and Management, Bankakademie. Mr. Schuh was employed with Dresdner Bank AG for 19 years. Between 1989 and 1991 he was a team leader in the credit risk department of the head office of Dresdner Bank. From 1992 to 1995, Mr. Schuh was a branch director in Dortmund. In 1996, Mr Schuh was responsible for the development of the corporate banking strategy in Dresdner Bank's head office. In 1997, he was responsible for the corporate banking area in Dresdner Bank in Dresden. In 1998, Mr. Schuh was appointed regional manager for the south-east region in Leipzig. In 2000, Mr. Schuh was spokesperson for the Management Board of Deutsche Hypothekbank Frankfurt – Hamburg AG. In 2002, he was appointed deputy chairman of the Management Board of Eurohypo AG. In 2008, Mr. Schuh was employed with Commerzbank Group as head of operations and credit risk. From 2009 to 2012, he was Divisional Board Member Group Credit Risk Management and Group Chief Credit Officer. Since November 2012 Mr. Schuh has been Divisional Board Member Group Credit Risk Non Core Assets and since November 2013, Mr. Schuh has been spokesperson of the Management Board of Hypothekbank Frankfurt AG (formerly known as Eurohypo).

Business address:
Helfmannpark 5
65760 Eschborn
Germany

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), and Didactics and Pedagogy (1984-1985).

Mr Stawski holds the Accounting Certificate issued by the Minister of Finance and is authorised to provide bookkeeping services. Between 1983 and 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 director in Gdynia. From 1995 to 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 became a Member of the Management Board of CTL Logistics S.A. and the General Director of the Polish Association of Transport and Logistics Employers.

In 2006, Mr Stawski became consultant of ALDAZ Sp. z o.o. Mr Stawski currently acts as Director at Zarzecki, Lasota i Wspólnicy Sp. z o.o.

In 2012, Mr Stawski was elected Member of the Management Board of Gdańsk Business Club. In 2012, Mr Stawski was appointed to the Council of the Maritime University of Gdynia.

Business address:
ul. Senatorska 18
00-950, Warsaw
Poland

Jan Szomburg

Member of the Supervisory Board.

Jan Szomburg graduated from the University of Gdańsk with a PhD in economics. Mr Szomburg previously worked as an assistant and then as a lecturer at the University of Gdańsk. He was a founder and the President of the Management Board of the Gdańsk Institute for Market Economics. In the 1990s, Mr Szomburg was Chairman of the Supervisory Board of Polski Bank Rozwoju and Bank Gdański. Mr Szomburg was also an advisor to the ownership transformation minister, a member of the Prime Minister's Ownership Transformation Council. At present, Mr Szomburg is the President of the Management Board of the Institute for Market Economics.

Business address:
Instytut Badań nad Gospodarką Rynkową
Do Studzienki 63
80-227 Gdańsk
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 program "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 (now 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 and a lecturer at the Warsaw Institute of Banking and SGH. Mr Thor is a 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.

Business address:
ul. Senatorska 18,
00-950 Warsaw
Poland

Marek Wierzbowski

Member of the Supervisory Board of the Bank (independent member).

Mr Wierzbowski has been *Professor ordinarius* at the University of Warsaw, the founding partner of the law firm "Prof. Marek Wierzbowski & Partners – Advocates and Legal Counselors", a member of the Public Procurement Council, President of the Arbitration Court of the Chamber of Brokerage Houses, Deputy Chairman of the Supervisory Board of the Warsaw Stock Exchange, member of the Board of Directors of the Polish-U.S. Fulbright Commission and member of the Council in the European Law Institute based in Vienna. Mr Wierzbowski was the deputy dean of the Faculty of Law and Administration, as well as Vice-Chancellor of the University of Warsaw. Mr Wierzbowski was an associate at Weil Gotshal & Manages and Linklaters. Mr Wierzbowski has participated in the establishment of brokerage houses in Poland. Mr Wierzbowski represented the Securities and Exchange Commission and the Commission for Banking Supervision in the Supreme Administrative Court. He was an advisor to the Minister of Privatisation, the Minister of 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.

Business address:
Prof. Marek Wierzbowski i Partnerzy Adwokaci i Radcowie Prawni
ul. Mokotowska 15A lok.17
00-640 Warsaw
Poland

Except for Dr Andre Carls and Wieslaw 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 and Management 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.

<u>Name and Surname</u>	<u>Company</u>	<u>Position</u>	<u>Is the position held as of the date of the Base Prospectus?</u>
Maciej Leśny	Fusion Invest Polska S.A.	Member of the Supervisory Board	Yes
	Centralny Ośrodek Żeglarstwa PZŻ im. Andrzeja Benesza Sp. z o.o.	Member of the Supervisory Board	No
	Track Tec S.A.	Member of the Supervisory Board	Yes
Martin Zielke	comdirect bank AG, Quickborn	Chairman of the Supervisory Board	Yes
	Commerz Real AG,	Chairman of the	Yes

Name and Surname	Company	Position	Is the position held as of the date of the Base Prospectus?
	Duesseldorf Commerz Real Investmentgesellschaft mbH, Wiesbaden	Supervisory Board Chairman of the Supervisory Board	Yes
	Allianz Global Investors Deutschland GmbH, Muenchen	Member of the Supervisory Board	No
	Allianz Global Investors Kapitalanlagegesellschaf t mbH, Frankfurt am Main	Member of the Supervisory Board	No
	Commerzbank Auslandsbanken Holding Nova GmbH, Frankfurt am Main	Chairman of the Supervisory Board	No
	JSC Bank "Forum", Kiew	Member of the Supervisory Board	No
Martin Blessing	Commerzbank AG	Member and Chairman of the Board of Managing Directors	Yes
Andre Carls	comdirect bank AG	Chairman of the Board of Managing Directors	No
	Commerzbank Holding comdirect private finance AG	Chief Executive Officer Member of the Supervisory Board	No 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	
Stephan Engels	Commerzbank	Member of the Board of Managing Directors	Yes
	Mercedes-Benz Car Group	Member of the Executive Committee	No
Thorsten Kanzler	Allianz Global Investors Kapitalanlagegesellschaf t mbH, Frankfurt am Main	Deputy Chairman Anlageausschuss AllianzGI-Fonds CPT2	Yes
	Allianz Global Investors Kapitalanlagegesellschaf t mbH, Frankfurt am Main	Deputy Chairman Anlageausschuss ATZ- Banken	Yes
	Allianz Global Investors Kapitalanlagegesellschaf t mbH, Frankfurt am Main	Deputy Chairman Anlageausschuss CBP	Yes

Name and Surname	Company	Position	Is the position held as of the date of the Base Prospectus?
	Bundesverband deutscher Banken e.V., Berlin	Member of Ausschuss für Treasury-Management	Yes
Teresa Mokrysz	Hypothekenbank Frankfurt AG MOKATE S.A.	Member of the Supervisory Board Deputy Chairman of the Supervisory Board	Yes Yes
Dirk Wilhelm Schuh	Global Coffee Group Sp. z o.o. HF Estate Management GmbH	President of the Management Board Member of the Supervisory Board	No Yes
	HanseaticShip Asset Management GmbH GEWOBA	Member of the Supervisory Board Member of the Supervisory Board	Yes No
Waldemar Stawski	Gdański Klub Biznesu	Member of the Management Board	Yes
Jan Szomburg	Grupa LOTOS S.A.	Chairman of the Supervisory Board	No
Wiesław Thor	Europejski Instytut Infrastruktury Sp. z o.o. mFaktoring S.A.	Member of the Supervisory Board Deputy Chairman of the Supervisory Board	No Yes
	mLeasing Sp. z o.o.	Member of the Supervisory Board	Yes
	mBank Hipoteczny S.A.	Member of the Supervisory Board	No
	Intermarket Bank 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.	Deputy Chairman of the Supervisory Board	Yes
	Polish American Fulbright Commission	Member of the Board	Yes
	European Law Institute	Member of the Board	Yes
	Prof. Marek Wierzbowski i Partnerzy Adwokaci i Radcowie Prawni	Partner	Yes
	Bank BPH S.A.	Member of the	No

<u>Name and Surname</u>	<u>Company</u>	<u>Position</u>	<u>Is the position held as of the date of the Base Prospectus?</u>
		Supervisory Board	
	Zakłady Przemysłu Cukierniczego MIESZKO S.A.	Member of the Supervisory Board	No
	AXA PTE S.A.	Member of the Supervisory Board	No
	Ceramika Nowa Gala S.A.	Deputy Chairman 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
	PEKAES S.A.	Member of the Supervisory Board	No
	Vindexus S.A.	Member of the Supervisory Board	No
	Polimex Mostostal S.A.	Member of the Supervisory Board	No

Source: the Bank

Other information on members of the Management and Supervisory Boards

1. 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.
2. There are no family relations between members of the Management and Supervisory Boards.
3. The total remuneration paid to the members of the Management Board of the Bank (including former members of the Board) in 2012 and in 2013 was PLN 24,197,192 and PLN 19,092,559 respectively. The total remuneration paid to the members of the Supervisory Board of the Bank in 2012 and in 2013 was PLN 2,283,662 and PLN 2,370,528 respectively.
4. 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.
5. 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.
6. 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 advisor 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 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).

These rules apply without prejudice to double taxation conventions signed by the Republic of Poland (Article 4a 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**).

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 the EU Savings Directive 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 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

(a) **Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended, (the **Laws**), 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.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the **Savings Directive**) and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a

residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary's country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. 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 Laws will be subject to a withholding tax at a rate of 35 per cent.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive.

(b) **Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **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 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) 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 advisor 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-30-10-20-50-20120912 and its annexes BOI-ANX-000364-20120912 and BOI-ANX-000366-20120912, 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

The Directive (as defined below) 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; in particular, it considers major tax law changes regarding the taxation of investment income. The new tax regime largely entered into force on 1 April 2012. The following summary describes the tax laws to be applied to the Notes acquired against consideration after this effective date. In addition a new tax regime for foreign investors will enter 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.

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.

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 ongoing basis by the custodian with respect to all income and losses that are realised in all custodian accounts managed by such custodian (implemented by the Austrian Budget Implementation Act 2012).

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*) was published. The taxation of non-residents (see paragraph 6 below) has been amended.

Taxation of non-residents until 31 December 2014

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 provided that the

income is not attributable to a permanent establishment or other Austrian source income taxable in Austria (for withholding tax under the Savings Directive, see 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.

Thus, non-resident investors - if they receive income from the Notes through a paying agent or custodian located in Austria - may avoid the application of Austrian withholding tax if they evidence their non-resident status vis-à-vis the Austrian entity obliged to deduct the Austrian withholding tax. The provision of evidence that the investor is not subject to Austrian withholding tax is the responsibility of the investor.

If any Austrian withholding tax is deducted by the agent, the tax withheld shall be refunded to the non-resident investor upon his application, which has to be filed with the competent Austrian tax authority within five calendar years following the date of the imposition of the withholding tax.

Where non-residents receive income from the Notes as part of business income taxable in Austria (from a permanent establishment), they will be, in general, subject to the same tax treatment as resident investors.

Taxation of non-residents from 1 January 2015 onwards

According to the Tax Amendment Act 2014 (*Abgabenänderungsgesetz 2014*) the amendments are applicable to interest paid as from 1 January 2015.

Interest amounts within the meaning of the EU Withholding Tax Act (*EU Quellensteuergesetz*) derived from the Notes by non-residents could be subject to income tax at a special rate of 25 per cent, provided that withholding tax has to be levied by an Austrian paying agent (*inländische auszahlende Stelle*) or by an Austrian custodian (*inländische depotführende Stelle*). Such withholding tax could not be reduced at source under the applicable tax treaty if the Austrian paying agent (*inländische auszahlende Stelle*) or the Austrian custodian (*inländische depotführende Stelle*) is a credit institution. There would be no withholding tax credit available.

Withholding tax would be deducted upon actual or deemed interest payments as well as upon the sale, refund or redemption of debt claims.

Interest amounts received by persons falling under the EU Withholding Tax Act (*EU Quellensteuergesetz*) are exempt from the income tax at a special rate of 25 per cent, but subject to EU withholding tax (see paragraph 7). Non-resident corporate investors deriving interest payments as defined in the EU Withholding Tax Act may avoid the application of Austrian withholding tax of 25 per cent, by filing a declaration of exemption (*Befreiungserklärung*).

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.

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 (**Savings Directive**) 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 Savings 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.

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.

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 investors that are subject to taxation in *Bonaire*, *Sint Eustatius* and *Saba* and 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, 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 arises 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 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, the bracket for 2014).

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 (at a maximum rate of 52 per cent.), if:

- (a) the Notes are attributable to an enterprise or deemed 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 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. An actual gain or loss in respect of the Notes is as such 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 practice relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers) to whom special rules may apply. 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.

Interest on the Notes

Payments of interest on the Notes may be made without withholding on account of United Kingdom income tax.

In the context of securities, HM Revenue & Customs (**HMRC**) has powers, in certain circumstances, to obtain information about payments derived from securities and about payments of interest. HMRC may exchange such information with tax authorities in other jurisdictions. For these purposes payments derived from securities include an amount (whether income or capital) payable out of or in respect of securities (which could include interest). Payments of interest are expressly defined to include (among other things) the amount payable on the redemption of a deeply discounted security.

HMRC can obtain information about a payment derived from securities from: a person who receives (or is entitled to receive) such a payment; a person who makes such a payment (received from, or paid on behalf of another person); and the holder of securities. HMRC can obtain information about interest from any person by whom (or through whom) interest is paid or credited.

In relation to payments derived from securities, HMRC can obtain information on: whether the person required to provide information is the beneficial owner of the securities or the payment; or if not, details of the beneficial owners or, if not known, details of the person for whom the securities are held, or the person to whom the payment is to be made; if there is more than one beneficial owner (or more than one person for whom securities are held or to whom payments are to be made) their respective interests; and the amount of any payment received from or paid on behalf of another person (and the name and address of that other person).

In relation to interest paid or credited on money received or retained in the United Kingdom, HMRC can obtain information on: the sums on which interest is payable; the identity of the security under which interest is paid; if interest is paid in a currency other than sterling, the amount and currency of the payment; and the number of recipients of the interest (if there are two or more recipients). HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC's published practice on the use of powers to obtain information about interest is arranged in accordance with earlier statutory provisions which have now been repealed (although it does also refer to current legislation). HMRC's Type 17 and Type 18 Guidance Notes set out HMRC's practices in this area. The Guidance Notes contain references to situations in which HMRC will not require information to be provided and specify, where information does have to be provided, precisely what HMRC expects to

receive. HMRC has indicated that it will not use its power to obtain information about interest in respect of payments under deeply discounted securities paid before 6 April 2014.

EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being 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). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive. The final form of the measure is still unknown.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

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 will be phased in beginning 1 July 2014 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 on or 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 announced their intention to negotiate 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 FFI, 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.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

The European Commission has published a 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 proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under 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.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. 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 13 February 2014. 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 13 February 2014, 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 14 March 2014.

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 2012 and December 2013 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 2012 and 31 December 2013 (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 Programme Agreement, 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 2013 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 2013.

Litigation

Save as disclosed in the Base Prospectus at pages 49 to 40 and pages 161 to 163, 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

PricewaterhouseCoopers Sp. z o.o., with its registered office in Warsaw (00-638 Warszawa, Al. Armii Ludowej 14), audited the consolidated financial statements of the Group for the year ended 31 December 2012 and issued an unqualified auditor's opinion on the aforementioned financial statements. PricewaterhouseCoopers Sp. z o.o. audited the standalone financial statements of the Bank for the year ended 31 December 2012 and, issued an unqualified opinion on the aforementioned financial statements. The standalone financial statements of the Bank audited by PricewaterhouseCoopers Sp. z o.o. are not incorporated into this Base Prospectus by reference.

PricewaterhouseCoopers Sp. z o.o. is registered in the register of auditors held by the National Chamber of Statutory Auditors under No. 144. On behalf of PricewaterhouseCoopers Sp. z o.o., the consolidated financial statements of the Group for the year ended 31 December 2012 were audited by Agnieszka Accordi-Krawiec (certified auditor, licence No. 11665).

As of 20 May 2013, PricewaterhouseCoopers Sp. z o.o. was replaced by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k as the Guarantor's external auditor.

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 the year ended 31 December 2013 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 year ended 31 December 2013 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 the year ended 31 December 2013 were audited by Dominik Januszewski (certified auditor, licence No. 9707).

PricewaterhouseCoopers Audit SA, with its registered office in Neuilly-sur-Seine Cedex (63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex) audited the standalone financial statements of the Issuer for the year ended 31 December 2012 and issued an unqualified auditor's opinion on the aforementioned financial statements. PricewaterhouseCoopers Audit SA is registered in the register held by the National Society of Auditors under No. 66006351. On behalf of PricewaterhouseCoopers Audit SA, the standalone financial statements of the Issuer for the year ended 31 December 2012 were audited by Edouard Sattler.

As of 29 May 2013, PricewaterhouseCoopers Audit SA was replaced by Ernst & Young et Autres as the Issuer's external 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 the year ended 31 December 2013

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 the year ended 31 December 2013 were audited by Claire Rochas.

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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