SUPPLEMENT NO. 2 DATED 16 MAY 2022 TO THE BASE PROSPECTUS DATED 25 AUGUST 2021

mBank S.A.

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

€3,000,000,000

Euro Medium Term Note Programme

This supplement (the "**Supplement**") constitutes a second supplement to the Base Prospectus dated 25 August 2021 (the "**Base Prospectus**") and must be read in conjunction with the Base Prospectus as supplemented by a first prospectus supplement dated 8 March 2022 (the "**First Supplement**", and together with the Base Prospectus, the "**Prospectus**") prepared by mBank S.A. (the "**Issuer**) with respect to this €3,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). The Base Prospectus received approval no. C-026738 on 25 August 2021 from the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"). The First Supplement received CSSF's approval no. C-027343 on 8 March 2022.

This Supplement constitutes a supplement for the purposes of Article 23 of the Prospectus Regulation and has been approved by the CSSF, as competent authority (the "**Competent Authority**") under the Prospectus Regulation in the Grand-Duchy of Luxembourg. Such an approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of the Base Prospectus. 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 an independent assessment as to the suitability of investing in the Notes.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meanings when used in this Supplement. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

The purpose of this Supplement is to:

(a) amend the section entitled "Risk Factors" of the Base Prospectus;

(b) incorporate by reference the unaudited condensed consolidated financial statements of the Group for the first quarter of 2022 ended 31 March 2022 prepared in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union (the "**Q1 2022 Consolidated Financial Statements**");

(c) update the section entitled "Selected Financial Information of the Issuer and Overview of the Group's Financial Condition" in order to present consolidated financial data of the Group as of and for the three-month period ended 31 March 2022;

(d) update the sub-section entitled "Operations" under the section entitled "Description of the Group" of the Base Prospectus in order to present the financial results of the Group's segments for the three-month period ended 31 March 2022;

(e) update the information on the number of customers of the Group and the Group's employees in the sub-sections entitled "Retail Banking in Poland", "Retail Banking in the Czech Republic and Slovakia (mBank CZ/SK)", "Corporate and Investment Banking" and "Employees – Employment Structure" under the section entitled "Description of the Group" of the Base Prospectus;

(f) update the market shares of the Group for the first quarter of 2022 ended 31 March 2022 under the section entitled "Description of the Group" of the Base Prospectus;

(g) update the sub-section entitled "Funding sources" under the section entitled "Description of the Group" of the Base Prospectus in order to add the funding structure of the Group as of 31 March 2022;

(h) provide updated information on individual court proceedings concerning indexation clauses;

(i) update certain information set out in the section entitled "General Information" of the Base Prospectus.

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

In circumstances where Article 23 (2a) of the Prospectus Regulation applies, investors who have already agreed to purchase or subscribe for any Notes before this Supplement was published have the right, exercisable within three working days beginning with the working day after the date of publication of this Supplement, to withdraw their acceptances. This right to withdraw shall expire by close of business on 19 May 2022. Investors wishing to exercise their right of withdrawal should contact the distributor from whom they have agreed to purchase or subscribe for the Notes.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained herein is, subject as provided in the preceding sentence, in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this Supplement will be available on the website of the Issuer (https://www.mbank.pl/en/investor-relations/ratings-debt-instruments/issue-programs-content.html) and on the website of the Luxembourg Stock Exchange (https://www.bourse.lu).

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

Any such document or information that is not incorporated by reference into this Supplement in line with the preceding sentence is either not relevant for investors or covered elsewhere in the Base Prospectus.

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AMENDMENTS TO THE BASE PROSPECTUS

With effect from the date of this Supplement, the information appearing in the Base Prospectus is amended and/or supplemented in the manner described below.

Amendments to the Risk Factors Section

- The "Risk Factors" section on pages 14 to 47 of the Base Prospectus is amended as follows:

(a) The risk factor entitled "***The Group is exposed to various risks resulting from granting, financing and securing loans denominated in or indexed to foreign currencies and, in particular, CHF*.**" described in the First Supplement on pages from 5 to 7 of such First Supplement, which replaced the risk factor on page 14 of the Base Prospectus under the heading "1. Risks related to the business and industry of the Issuer and its Group", is deleted and replaced with the following:

"***The Group is exposed to various risks resulting from granting, financing and securing loans denominated in or indexed to foreign currencies and, in particular, CHF***

The Group has significant exposure to foreign currency-denominated or foreign currency-indexed loans ("**FX loans**"), predominantly retail mortgage loans indexed to CHF ("**FX mortgage loans**"). The vast majority of retail customers who have FX mortgage loans earn their income in PLN. These customers are usually not protected against the fluctuations of the exchange rates of the PLN against the currency of the loan. Consequently, any depreciation of the PLN against a foreign currency in which an FX loan is denominated or to which is indexed, which is not sufficiently compensated by a decrease in the relevant reference rate, will result in an increase of the PLN value of repayments of principal and payments of interest by the Bank's customers (although this may be mitigated where there is a compensating decrease in the relevant reference rate) and in an increase of credit risk related to borrowers with loans in foreign currencies.

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

The Issuer's significant portfolio of FX loans is funded both through balance sheet financing and derivative transactions. The typical maturities of both the balance sheet instruments and derivative contracts are shorter than the maturities of the underlying FX loans. As a result, the Bank is required to renew such contracts when they mature. The Bank is therefore exposed to roll-over risk as well as price risk when the instruments mature. Further, since the derivatives instruments are subject to mark-to-market, the Bank is also exposed to the market price fluctuations. Consequently, significant volatility in the prices of such derivative contracts as well as in costs of balance sheet financing may adversely affect the business, financial condition and results of operations of the Group.

A material depreciation of the PLN may also cause the value of the collateral securing the Bank's portfolio of the FX mortgage loans to fall below the outstanding value of such loans, which may in turn increase the LGD ratio applicable to the Bank's foreign currency portfolio. In addition, depreciation of the PLN against the CHF will cause an increase in the total risk exposure amount and, consequently, a decrease in the capital ratios of the Group.

The legal risk associated with the portfolio of FX housing loans has increased over the past seven years. In most proceedings, the mortgage servicing provisions were deemed to be "abusive" clauses and therefore such findings have resulted in these provisions not being binding on or enforceable against the borrowers. Since the judgment of the Court of Justice of the European Union on 3 October 2019 ("**CJEU October 2019**

Judgment") confirming that a court's declaration of the invalidity of a loan agreement following the exclusion of any "abusive" conversion provisions in such loan agreement would be binding on the parties thereto, the number of court actions brought by borrowers against Polish banks has increased significantly. The continuing uncertainty in relation to the outcomes of such court rulings may significantly affect the financial condition and prospects of the Issuer.

Amid such persisting uncertainty as to the trend of final court decisions in FX loan cases, in December 2020, the Chairman of the KNF called on banks to conclude settlements with borrowers aimed at eliminating the risk of an increasing number of legal disputes under loan agreements denominated in and indexed to the CHF. A number of banks are in the process of concluding settlements with borrowers in order to settle out-of-court disputes arising from the conversion clauses contained in CHF mortgage loan agreements on terms proposed by the Chairman of the KNF or in accordance with alternative rules.

On 6 December 2021, the Issuer started a pilot programme of out-of-court settlements with CHF borrowers. Each settlement was based on conversion of the CHF loan into the PLN loan, after which the Issuer had to write off a part of the borrower's debt. Prior to the conversion, the Issuer compared repayments of the actual FX loan with the repayments of a hypothetical PLN loan and the difference was split equally between the Issuer and the borrower. The offer was addressed to the owners of 1,278 active contracts, which in the Bank's opinion is a representative sample of the whole portfolio of active loans indexed to CHF.

The first phase of the pilot ended in the first quarter of 2022 with the result of approx. 8 per cent. of the settlements signed. During the pilot programme, some external factors may have had an impact on its results and clients decisions. These were, among others: uncertainty regarding the tax treatment of signed settlements, the rising exchange rate of the Swiss franc, an increase of cost of loans in PLN following interest rate hikes by the Monetary Policy Council and existing uncertainty regarding the economic environment and challenges relating to the Russia-Ukraine military conflict. Moreover, in the first quarter of 2022, the Bank continued the pilot of the settlement programme and offered settlements to the new group of clients (approx. 1.5 thousand contracts).

The maximum, hypothetical cost of the program would amount to PLN 2.89 billion (31 December 2021: PLN 2.97 billion), assuming that the settlements would be offered to all clients with active loans and all those clients would accept the conditions described above.

As of 31 March 2022, the carrying amount of mortgage and housing loans granted by the Issuer to individual customers in CHF amounted to PLN 8.8 billion (i.e., CHF 1.9 billion) compared with PLN 9.1 billion as of 31 December 2021 (i.e., CHF 2.0 billion) and PLN 12.3 billion (i.e., CHF 2.9 billion) as of the end of 2020.

As of 31 March 2022, 14,705 individual court proceedings were initiated against the Bank by its customers in connection with CHF loan agreements (compared with 13,373 proceedings as of 31 December 2021), with the total value of claims amounting to PLN 4,104.6 million (compared with PLN 3,506.5 million as of 31 December 2021). Out of the individual proceedings, 14,419 proceedings with the total value of claims amounting to PLN 4,099.0 million were related to indexation clauses in CHF loan agreements (as of 31 December 2021: 13,036 proceedings with the total value of claims amounting to PLN 3,499.9 million).

In the first quarter of 2022 (i.e., up to 31 March 2022), total costs of legal risks related to foreign currency loans recognised by the Issuer in the income statement was PLN 192.8 million. These costs were driven predominantly by the impact of the legal risk related to individual court cases, which resulted mainly from the change in level of loss on loan exposure for the repaid portfolio in case of losing the case by the Bank and from recognition of the costs of final verdicts.

The total cost of legal risk related to foreign currency loans recognised by the Issuer in the income statement for 2021 amounted to PLN 2,758.1 million (whereas in 2020 such costs amounted to PLN 1,021.7 million). This increase in 2021 was due to:

- the increased impact of legal risk related to individual lawsuits for 2021 in the amount of PLN 1,298.7 million, resulting mainly from a higher-than-expected inflow of new cases in 2021 and changes in the level of loss provisions on loan exposures due to an increase in the probability of loan agreements being held to be unenforceable as a result of recent court judgments;

- the inclusion of costs for a potential settlement programme in the amount of PLN 1,009.8 million (this amount corresponded to 34 per cent. of the maximum cost of settlements under the formula adopted in the pilot programme);
- the additional loss provision for a class action lawsuit concerning indexation clauses in CHF mortgage and housing loan agreements in the amount of PLN 363.0 million; and
- provisions for the cost of counterclaims related to securing the Bank's claims in indexation cases in the amount of PLN 86.1 million.

As of 31 March 2022, the cumulative impact of legal risk related to litigation (individual lawsuits and class actions) related to indexation clauses in CHF mortgage and housing loan agreements and the voluntary settlement programme included in the Group's financial statements amounted to PLN 4,216.4 million (as of 31 December 2021: PLN 4,133.6 million and as of 31 December 2020: PLN 1,440.6 million).

As of 31 March 2022, the above mentioned cumulated impact included:

- the impact of legal risk concerning lawsuits related to active loans recognised as a reduction of gross carrying amount of loans: PLN 2,825.1 million
- the impact of legal risk concerning individual lawsuits and the class action case related to repaid loans and low value active loans recorded as provisions for legal proceedings: PLN 417.6 million, and
- potential costs of voluntary settlement program recognized as a reduction of gross carrying amount of loans: PLN 973.7 million.

The methodology of calculation of the provision for losses of individual court cases applied by the Bank depends on numerous assumptions that take into account historical data adjusted in accordance with the Bank's expectations regarding the future and involve a significant degree of expert judgement. The most important assumptions include: (i) an expected population of borrowers who will file a lawsuit against the Bank; (ii) the probability of losing the case under a final and binding judgment; (iii) the distribution of expected verdicts judged by the courts; and (iv) the loss to be incurred by the Bank in the event of losing the case in court.

The methodology of calculation of legal risk provisions is based on parameters that involve high levels of subjective judgement and have a range of possible values. It is possible that the provisions will have to be adjusted in the future, particularly as parameters used in such calculations are interdependent.

Further details including assumptions and sensitivity analysis used to calculate the total costs of legal risks related to foreign currency loans in the income statement, are provided in mBank S.A. Group IFRS Consolidated Financial Statements 2021 in Note 34. "Legal risk related to mortgage and housing loans granted to individual customers in CHF" (pages: 147-154) and in the Q1 2022 Consolidated Financial Statements in the note 30 "Legal risk related to mortgage and housing loans granted to individual customers in CHF" (pages: 63-69).

Finally, the Bank is exposed to the risks of IBOR reform. Due to the size of the CHF mortgage loan portfolio outlined above, the most prominent risk was related to the cessation of the publication of CHF LIBOR. In accordance with the Commission Implementing Regulation (EU) 2021/1847 of 14 October 2021 on the designation of a statutory replacement for certain settings of CHF LIBOR, published on 22 October 2021, CHF LIBOR was replaced by a compounded Swiss Average Rate Overnight (SARON) rate plus the applicable spread adjustment calculated under ISDA's methodology on 1 January 2022. These provisions are fully binding and directly applicable in the legal systems of the Member States. However, the substitution of CHF LIBOR by SARON may lead to disputes between CHF borrowers and banks.

If the costs of legal risks and other risks related to foreign currency loans continue to rise, it will adversely affect the business, financial condition and results of operations of the Group."

(b) The last paragraph of the risk factor entitled "***The Group faces liquidity risk."*** amended in the First Supplement on page 8, which replaced the paragraph described on page 18 of the Base Prospectus under the heading "1. Risks related to the business and industry of the Issuer and its Group" is deleted and replaced with the following:

"The reported values of the above measures as of 31 March 2022 and 31 December 2021 are well above regulatory limits. However, a potential loss of liquidity or an inability to raise sufficient funds to finance lending operations may have an adverse effect on the business, financial condition and results of operations of the Group."

(c) In the risk factor entitled "***The Bank and the Group may be unable to satisfy its or their required minimum capital adequacy and other ratios.***" on pages from 25 to 27 of the Base Prospectus under the heading "2. Risks relating to macroeconomic and regulatory conditions", which was amended in the First Supplement on page 8, the sentences describing the capital requirements and the capital ratios as of 30 June 2021 are deleted and replaced by the following sentences presenting the capital ratios as of 31 March 2022:

- "As of 31 March 2022, the required minimum capital ratios for the Bank at the stand-alone level were 13.50 per cent. for TCR and 10.88 per cent. for Tier 1 capital ratio. At the consolidated level, the required minimum capital ratios stood at 13.17 per cent. for TCR and 10.64 per cent. for Tier 1 capital ratio.
- As of 31 March 2022, the stand-alone TCR and Tier 1 capital ratio for the Bank stood at 18.43 per cent. and 15.62 per cent., respectively, while the Group reported TCR and Tier 1 capital ratio at 15.92 per cent. and 13.47 per cent. at the consolidated level, respectively.
- In the penultimate paragraph of this risk factor, the following sentence is added: "As of 31 March 2022, the LR, LCR and the NSFR with respect to the Bank were above the minimum levels required by the CRR Regulation."

(d) The risk factor entitled "**The Bank and the Group may be unable to satisfy their minimum MREL requirement**" described in the First Supplement on pages 9 to 10, which replaced the risk factor on pages 28 to 29 of the Base Prospectus under the heading "2. Risks relating to macroeconomic and regulatory conditions" is deleted and replaced with the following:

"The Bank and the Group may be unable to satisfy their minimum MREL requirement

The BRRD and the BGF Act implementing into the Polish law regulations concerning resolution introduced the Minimum Requirement for Eligible Liabilities and Own Funds (the "MREL") for banks. The MREL responds to the need for an adequate level of liabilities that can be converted to capital (or written down) in the event of material financial distress and that such resolution can be carried out without involving public funds.

In connection with the adoption of the EU Banking Reform Legislation and the subsequent amendments to the BGF Act which came into force on 15 September 2021, the Bank Guarantee Fund (the "BGF") has modified its existing approach to the determination of the MREL requirement. This new methodology was published by the BGF in September 2021. The changes to the methodology are related to, among other things, the determination of the MREL requirement, which is calculated on the basis of the Total Risk Exposure Amount (the "TREA") and the Total Exposure Measure (the "TEM") and the exclusion of the combined buffer requirement from MREL, which has to be met on top of the MREL requirement. The changes also extend to the deadline for complying with the target MREL, which is now set at 31 December 2023, as well as the interim goals.
As of the date of this Supplement, the Issuer is classified neither as a globally systematically important bank nor as a top tier bank.

According to information received from the BGF on 5 May 2022, the target MREL requirement in relation to the TREA, which the Bank has to meet by the end of 2023 at a consolidated level, has been set at the level of 19.22 per cent., including with respect to own funds and subordinated liabilities at 18.60 per cent. of the

TREA. In relation to the TEM, the MREL has been set at the level of 5.91 per cent., while for own funds and subordinated liabilities at the level of 5.67 per cent. of the TEM. The MREL has been set taking into account the resolution strategy of Commerzbank AG, i.e. the Multiple Point of Entry (the "MPE"), where the Group constitutes a separate resolution group. mBank Hipoteczny is excluded from the consolidation for the purposes of MREL.

The Bank also received information concerning the path designated by the BGF to meet the above requirement. The interim MREL from 5 May 2022 and from the end of 2022 in relation to the TREA has been set at 14.67 per cent. and 16.94 per cent., respectively, including in respect to own funds and subordinated liabilities at 14.36 per cent. and 16.48 per cent., respectively. In relation to the TEM, the interim MREL goals are 3.00 per cent. from 5 May 2022 and 4.46 per cent. for the end of 2022, including in respect of own funds and subordinated liabilities of 3.00 per cent. and 4.34 per cent., respectively.

In September 2021, the Bank placed its first non-preferred senior issuance in green bond format in a total amount of EUR 500 million, which is classified as fully eligible for contribution to the MREL.

As of the date of this Supplement, the Issuer has met its MREL requirement as set by the BGF on 31 December 2021 and on 5 May 2022. The MREL requirement and the subordination level is to be updated on an annual basis.

The Issuer may have to issue additional eligible liabilities for the purposes of MREL in order to meet any new requirements within the required timeframes. Such actions may increase its funding costs having negative impact on its financial results.

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

(e) After the risk factor entitled "***The Bank may be required to make substantial mandatory contributions, including contributions to the BGF and the Borrowers' Support Fund***" and before the risk factor entitled "***The Group faces risks related to its business activity in the Czech Republic and Slovakia***", on page 31 of the Base Prospectus, under the heading "2. Risks relating to macroeconomic and regulatory conditions", the new risk factor is added as follows:

"***Polish government's plan to help PLN mortgage borrowers may materially reduce the Group's earnings***

On 25 April 2022, the Polish Prime Minister announced a plan to help PLN mortgage borrowers to offset the impact of rising inflation and increased interest rates.

The plan, which shifts the cost of aid onto banks, is based on the following three pillars:

- credit moratoria available for all PLN mortgage borrowers, i.e., suspension of the borrower's obligation to make payments under the concluded mortgage loan agreement for the maximum period of two months in each of the last two quarters of 2022 and one month in each quarter of 2023,
- a replacement of the interbank interest rate benchmark WIBOR by a new benchmark rate based on overnight transactions starting from 2023. The new rate is intended to be much more favourable for all mortgage borrowers,
- support for borrowers facing difficult situation funded by new contributions to the Borrowers' Support Fund, which will be increased by PLN 1.4 billion (to c. PLN 2 billion from c. PLN 0.6 billion currently) in 2022. The fund will be replenished on a regular basis (c. PLN 2 billion is also assumed in 2023).

The government intends also to create a PLN 3.5-billion Support Fund financed by banks, which will be aimed at strengthening the resilience of the banking sector.

At the current time, the final shape of the proposed regulations is unknown and it is difficult to predict their financial impact on the Issuer. According to the government's presentation materials, the total maximum cost for the banking sector of above solutions could reach PLN 7.1 billion in 2022 and PLN 5.2 billion in 2023.

The initial contributions to the Borrowers' Support Fund in 2016 were made in proportion to the size of each lender's mortgage housing loan portfolio, while under the law currently in force, quarterly contributions are made in proportion to the gross carrying amount of each lender's non-performing (90 or more days delinquent) housing loan portfolio. According to the proposed amendments, the contributions to the Borrowers' Support Fund would be proportional to the gross carrying amount of the housing loan portfolio held by banks, for which the instalment to income ratio exceeds 50 per cent. as at the end of the quarter for which the payment is due.

As of 31 March 2022, the Issuer's market share in PLN mortgage loans was 7.4 per cent.

Implementation of the solutions proposed by the Polish government may have a material adverse effect on the Group's business and financial results."

Documents Incorporated by Reference

- In the section entitled "Documents Incorporated by Reference" on page 55 of the Base Prospectus, the following is added after the sentence: "The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Base Prospectus":

the condensed consolidated financial statements of the Group for the three-month period ended 31 March 2022 prepared in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union (the "**Q1 2022 Consolidated Financial Statements**"), which constitute a free translation from the Polish version into the English language and can be viewed online at: https://www.mbank.pl/pdf/msp-korporacje/relacje-inwestorskie/wyniki-finansowe/2022/consolidated-financial-report-of-mbank-s.a-group-for-q1-2022.pdf

(a) selected financial data (page 2);

(b) condensed consolidated income statement (page 20);

(c) condensed consolidated statement of comprehensive income (page 21);

(d) condensed consolidated statement of financial position (page 22);

(e) condensed consolidated statement of changes in equity (page 23);

(f) condensed consolidated statement of cash flows (page 24); and

(g) explanatory notes to the consolidated financial statements (pages 25 to 69 inclusive).

Any other information incorporated by reference that is not included in the cross-reference list above is not incorporated by reference and is either not relevant for investors or covered elsewhere in the Base Prospectus;

The numbering of the documents included in the Base Prospectus on pages 55 to 57 is amended accordingly.

Selected Financial Information of the Issuer and Overview of the Group's Financial Condition

- The section entitled "Selected Financial Information of the Issuer and Overview of the Group's Financial Condition" on pages 149 to 161 of the Base Prospectus is updated in the following manner.

After the sub-section "Financial results of the Group in 2021" presented in the First Supplement on pages 14 to 17 the following sub-section is added:

"**Financial results of the Group in the first quarter of 2022**

For the first quarter of 2022 ended 31 March 2022, the Group's total income was PLN 2,178.6 million, compared with PLN 1,538.8 million for the first quarter of 2021 ended 31 March 2021, which represents an increase of 41.6 per cent. Total income is calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. Other income comprises gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).

Net interest income remained the Group's largest income source in the first quarter of 2022 ended 31 March 2022 (68.8 per cent. of total income). In the first quarter of 2022, net interest income reached PLN 1,499.3 million, compared with 946.9 million in the first quarter of 2021 (an increase of 58.3 per cent.).

In the first quarter of 2022 ended 31 March 2022, interest income increased by 68.4 per cent. to 1,716.3 million (compared with PLN 1,019.4 million in the first quarter ended 31 March 2021). Interest income from loans and advances increased by PLN 656.1 million or 83.2 per cent. to PLN 1,444.6 million. Interest income from loans and advances includes interest income from loans and advances on the following items: assets held for trading, non-trading financial assets measured mandatorily at fair value through profit or loss and financial assets measured at amortised cost. An increase of interest income from loans and advances reflected higher volume of loans and advances to customers and the impact of interest rate hikes between October 2021 and March 2022 by 340 basis points in aggregate. Interest income from investment securities increased by PLN 89.4 million or 71.5 per cent and in the first quarter of 2022 stood at PLN 214.5 million. Interest income from investment securities includes interest income on the following debt securities: non-trading financial assets measured mandatorily at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost. At the same time, interest income on debt securities held for trading increased by 46.3 per cent. to PLN 4.5 million from PLN 3.1 million for first quarter ended 31 March 2021.

In the first quarter of 2022 ended 31 March 2022, interest expense increased by PLN 144.5 million or 199.3 per cent. year on year to 217.0 million mainly due to interest expense on derivatives concluded under the fair value hedge and on derivatives concluded under the cash flow hedge, increased cost of deposits and higher costs of debt securities issued by the Group. The Group's net interest margin for the first quarter of 2022 ended 31 March 2022 was 3.2 per cent., compared with 2.1 per cent. for the first quarter of 2021 ended 31 March 2021.

The Group's net fee and commission income surged to PLN 598.0 million in the first quarter of 2022 registering a growth of 27.8 per cent., compared with PLN 468.1 million for the first quarter of 2021. Fee and commission income increased by 22.8 per cent. year on year to PLN 792.9 million. The highest increase was recorded in payment cards-related fees, which surged by PLN 58.9 million or 64.0 per cent. year on year. Commissions from currency transactions rose by 35.8 million or 40.2 per cent. in the first quarter of 2022 ended 31 March 2022. Credit-related fees and commissions increased by PLN 23.0 million or 18.6 per cent. year on year as a result of higher sales of retail and corporate loans. Commissions from bank accounts grew by PLN 11.3 million or 9.6 per cent. year on year. Commissions from money transfers in the first quarter of 2022 were higher than a year ago by PLN 10.5 million or 25.4 per cent. mirroring rising transactionality and price adjustments. Commissions for agency service regarding sale of insurance products of external financial entities in the first quarter of 2022 increased by PLN 7.2 million or 23.9 per cent. year on year. Fees from cash services in the first quarter 2022 were higher than in the corresponding quarter of 2021 by PLN 3.3 million or 32.8 per cent and commissions for agency service regarding sale of other products of external financial entities increased by PLN 2.8 million or 13.4 per cent. year on year. Fees from brokerage activity and debt securities issue declined by PLN 12.8 million or 17.9 per cent. compared with the first quarter of 2021 reflecting decreased investors' activity on the Warsaw Stock Exchange and the turnover of mBank's Brokerage Bureau on the equity market.

Fee and commission expense rose by PLN 17.1 million or 9.6 per cent. year on year in the first quarter of 2022 and stood at PLN 194.9 million. This increase was driven mainly by payment cards-related fees, commissions paid for sale of products of external financial entities and other discharged fees.

Net trading income amounted to PLN 95.6 million in the first quarter of 2022 ended 31 March 2022, up by PLN 32.4 million or 51.4 per cent. compared with the first quarter of 2021. An increase in net trading income was driven by foreign exchange result, which in the first quarter ended 31 March 2022, amid high volatility in foreign currency markets, reached PLN 100.9 million compared with PLN 43.3 million in the first quarter of 2021. In the first quarter of 2022, gains or losses on financial assets and liabilities held for trading decreased by PLN 28.6 million year on year predominantly due to losses recognised on interest rate derivatives and stood at PLN -0.6 million.

Other income, including gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses from non-trading equity instruments and debt securities mandatorily measured at fair value through profit or loss, in the first quarter ended 31 March 2022 stood at PLN -18.3 million compared with PLN 86.7 million a year ago. A decrease resulted mainly from a high comparative base of the first quarter of 2021, which included substantial gains on the sale of Treasury bonds.

In the first quarter of 2022 ended 31 March 2022, net other operating income (other operating income net of other operating expenses) amounted to PLN 3.1 million, compared with PLN -26.5 million for the first quarter of 2021 ended 31 March 2021. Other operating income increased by 20.7 per cent. year on year, while other operating expenses decreased 22.3 per cent., mainly due to lower provisions for future commitments.

Total overhead costs of the Group and depreciation stood at PLN 843.9 million in first quarter of 2022. They were higher than the corresponding period of 2021 by PLN 179.2 million or 27.0 per cent. Staff-related expenses amounted to PLN 294.3 million in the first quarter of 2022 (+21.8 per cent. year on year). In the first quarter of 2022, material costs stood at PLN 174.2 million (+18.4 per cent. year on year), while depreciation amounted to PLN 116.5 million (+4.1 per cent. year on year).

The Group's contributions and transfers to the Bank Guarantee Fund increased by PLN 92.7 million (60.4 per cent.) year on year. They stood at PLN 246.2 million in the first quarter of 2022 compared with PLN 153.5 million in the first quarter of 2021.

As a result of changes in income and expenses, the cost-to-income ratio for the first quarter of 2022 was 38.7 per cent. (compared with 43.2 per cent. for the first quarter of 2021). The cost-to-income ratio is calculated by dividing overhead costs and depreciation by total income comprising net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. Other income comprises gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).

The normalized cost-to-income ratio for the first quarter of 2022, i.e. with the costs calculated net of the contribution to the resolution fund attributable to the remaining three quarters of the year, stood at 32.0 per cent. (compared with 36.8 per cent. in the first quarter of 2021).

In the first quarter of 2022, net impairment losses and fair value change on loans and advances of mBank Group (calculated as the sum of two items: impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on non-trading loans and advances mandatorily measured at fair value through profit or loss) stood at PLN -268.5 million compared with PLN -164.7 million in the first quarter ended 31 March 2021 (+63.0 per cent. year on year). In the first quarter of 2022, impairment or reversal of impairment on financial assets not measured at fair value through profit or loss amounted to PLN -257.8 million, while gains or losses on non-trading loans and advances mandatorily measured at fair value through profit or loss amounted to PLN -10.7 million.

The cost of legal risk related to foreign currency loans stood at PLN -192.8 million in the first quarter of 2022, while in the corresponding period of 2021 it amounted to PLN -66.3 million. Taxes on the Group's balance sheet items for the first quarter of 2022 were PLN 159.8 million, compared with PLN 138.8 million for the first quarter of 2021.

Consequently, in the first quarter of 2022, the Group’s profit before income tax reached PLN 713.6 million, compared PLN 504.3 million for the first quarter of 2021. The Group's net profit attributable to the Owners of mBank S.A. for the first quarter of 2022 was PLN 512.3 million, compared with the net profit of PLN 317.1 million generated in the in the first quarter of 2021. The Group's net return on equity for the first quarter of 2022 stood at 15.0 per cent., compared with 7.7 per cent. for the first quarter of 2021.

In the first three months of 2022, the Group's core business (i.e. the Group without FX mortgage loans segment) generated profit before income tax in the amount of PLN 903.9 million and net profit attributable to the Owners of mBank S.A in the amount of PLN 702.6 million. The net return on equity on the Group's Core Business for the first quarter of 2022 was 23.7 per cent.

As of 31 March 2022, the Group's gross carrying amount of loans and advances to customers stood at PLN 126.8 billion, out of which PLN 75.1 billion was to individuals, PLN 51.5 billion was to corporate entities and PLN 0.2 billion was to the public sector. It compares with PLN 121.2 billion as of 31 December 2021 (including PLN 73.2 billion to individuals, PLN 47.8 billion to corporate entities and PLN 0.2 billion to the public sector).

Amounts due to customers amounted to PLN 164.7 billion as of 31 March 2022 (including PLN 111.2 billion related to individual clients, PLN 52.8 billion related to corporate clients and PLN 0.8 billion related to public sector) compared with PLN 159.9 billion as of 31 December 2021.

As of 31 March 2022, the Total Capital Ratio of the Group stood at 15.92 per cent. compared with 16.58 per cent. as of 31 December 2021. The Common Equity Tier 1 capital ratio was 13.47 per cent. as of 31 March 2022, compared with 14.16 per cent. as of 31 December 2021.

In the first quarter of 2022, own funds of the Group decreased quarter on quarter by PLN 0.9 billion due to a negative valuation of financial assets at fair value through other comprehensive income, taking into account net impairment losses on loans and advances for the first quarter of 2022 and taking into account the impact of exceeding the threshold referred to in Art. 49 of the CRR Regulation. At the same time, the total risk exposure amount (TREA) decreased by PLN 1.7 billion primarily as a result of a synthetic securitization transaction on a portfolio of corporate loans concluded on 24 March 2022 with Dutch pension fund PGGM.

The title of the section entitled "GROUP FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019 AND FOR THE FIRST HALF OF THE YEAR ENDED 30 JUNE 2021 AND 30 JUNE 2020" on page 157 of the Base Prospectus, which was amended in the First Supplement on page 17, is amended as follows: "GROUP FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020 AND FOR THE FIRST QUARTERS ENDED 31 MARCH 2022 AND 31 MARCH 2021".

Therefore, the part of section of the Base Prospectus that begins on page 157 and ends on page 161 of the Base Prospectus, which was amended in the First Supplement on pages 18 to 22, is deleted and replaced by the following:

"The following tables present consolidated financial data of the Group as of and for the years ended 31 December 2021 and 31 December 2020 and as of and for the first quarter of the periods ended 31 March 2022 and 31 March 2021. They were derived from the Consolidated Financial Statements of the Group 2021 and the Condensed Consolidated Financial Statements for the first quarter of 2022.

Consolidated Income Statements

	Year ended 31 December		**Three months ended 31 March**	
	2021	**2020**	**2022**	**2021**
	(PLN thousands) *Audited*		*(PLN thousands)* *Unaudited*	
Interest income	4,431,737	4,688,353	1,716,287	1,019,381
Interest expenses	(327,694)	(679,053)	(216,952)	(72,486)
Net interest income	**4,104,043**	**4,009,300**	**1,499,335**	**946,895**
Fee and commission income	2,714,896	2,244,561	792,923	645,938
Fee and commission expenses	(824,875)	(736,276)	(194,929)	(177,878)
Net fee and commission income	**1,890,021**	**1,508,285**	**597,994**	**468,060**
Dividend income	5,046	4,926	835	440
Net trading income	96,890	184,752	95,627	63,178
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	4,608	15,572	(8,881)	(11,473)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	93,690	93,527	(20,055)	89,124
Other operating income	232,384	218,052	66,352	54,987
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(873,226)	(1,225,642)	(257,847)	(155,660)
Costs of legal risk related to foreign currency loans	(2,758,079)	(1,021,714)	(192,754)	(66,268)
Overhead costs	(2,020,629)	(1,980,500)	(727,360)	(552,766)
Depreciation	(436,254)	(430,628)	(116,534)	(111,891)
Other operating expenses	(320,898)	(234,820)	(63,283)	(81,483)

	Year ended 31 December		Three months ended 31 March	
	2021	2020	2022	2021
Operating profit	**17,596**	**1,141,110**	**873,429**	**643,143**
Taxes on the Group balance sheet items	(608,627)	(531,379)	(159,839)	(138,821)
Profit before income tax	**(591,031)**	**609,731**	**713,590**	**504,322**
Income tax expense	(587,782)	(505,974)	(201,266)	(187,229)
Net profit	**(1,178,813)**	**103,757**	**512,324**	**317,093**
Net profit attributable to:				
Owners of mBank S.A.	**(1,178,753)**	**103,831**	**512,329**	**317,125**
Non-controlling interests	(60)	(74)	(5)	(32)

Source: mBank S.A. Group Consolidated Financial Statements 2021, mBank S.A. Group Condensed Consolidated Financial Statements for the first quarter of 2022.

Consolidated Statements of Comprehensive Income

	Year ended 31 December		Three months ended 31 March	
	2021	2020	2022	2021
	(PLN thousands) Audited		*(PLN thousands) Unaudited*	
Net profit	**(1,178,813)**	**103,757**	**512,324**	**317,093**
Other comprehensive income net of tax, including:	**(1,788,889)**	**407,791**	**(644,296)**	**(244,827)**
Items that may be reclassified subsequently to the income statement				
Exchange differences on translation of foreign operations (net)	4,898	3,043	623	564
Cash flow hedges (net)	(919,332)	299,988	(342,502)	(159,931)
Change in valuation of debt instruments at fair value through other comprehensive income (net)	(892,950)	111,012	(302,417)	(85,460)
Items that will not be reclassified to the income statement				
Actuarial gains and losses relating to post-employment benefits (net)	7,059	(6,252)	-	-
Investment properties	11,436	-	-	-
Total comprehensive income (net)	**(2,967,702)**	**511,548**	**(131,972)**	**72,266**
Total comprehensive income (net), attributable to:				
Owners of mBank S.A.	(2,967,642)	511,622	(131,967)	72,298
Non-controlling interests	(60)	(74)	(5)	(32)

Source: mBank S.A. Group Consolidated Financial Statements 2021, mBank S.A. Group Condensed Consolidated Financial Statements for the first quarter of 2022.

Consolidated Statements of Financial Position

	As of 31 March 2022	As of 31 December 2021	As of 31 December 2020 R
	(PLN thousands) Unaudited	*(PLN thousands) Audited*	*(PLN thousands) Audited*
ASSETS			
Cash and balances with the Central Bank	17,971,383	12,202,266	3,968,691
Financial assets held for trading and hedging derivatives	2,744,045	2,589,076	2,586,721
Non-trading financial assets mandatorily at fair value through profit or loss, including:	1,355,851	1,417,191	1,784,691
Equity instruments	230,854	224,389	202,304
Debt securities	85,479	81,128	76,068
Loans and advances to customers	1,039,518	1,111,674	1,506,319
Financial assets at fair value through other comprehensive income	27,013,846	36,206,059	35,498,061
Financial assets at amortised cost, including:	148,081,088	140,296,538	130,179,902
Debt securities	18,885,506	16,164,103	15,952,501
Loans and advances to banks	6,829,976	7,229,681	7,354,268
Loans and advances to customers	122,365,606	116,902,754	106,873,133
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,551,064	1,055,478	
Non-current assets and disposal groups classified as held for sale	31,247	31,247	-
Intangible assets	1,301,614	1,283,953	1,178,698
Tangible assets	1,527,159	1,542,250	1,514,577

	As of 31 March 2022	As of 31 December 2021	As of 31 December 2020 R
Investment properties	127,510	127,510	-
Current income tax assets	35,489	28,147	23,957
Deferred income tax assets	1,625,535	1,392,350	853,880
Other assets	1,548,590	1,366,820	1,282,439
Total assets	**204,914,421**	**199,538,885**	**178,871,617**
LIABILITIES & EQUITY			
Financial liabilities held for trading and hedging derivatives	2,384,707	2,011,182	1,338,564
Financial liabilities measured at amortised cost, including:	183,133,478	179,348,925	156,673,052
Amounts due to banks	2,090,424	3,359,558	2,399,740
Amounts due to customers	164,743,229	159,935,129	137,698,668
Debt securities issued	13,654,108	13,429,782	13,996,317
Subordinated liabilities	2,645,717	2,624,456	2,578,327
Fair value changes of the hedged items in portfolio hedge of interest rate risk	126,775	110,033	59,624
Liabilities included in disposal groups classified as held for sale	7,269	7,425	-
Provisions	867,631	811,455	501,691
Current income tax liabilities	260,134	61,910	225,796
Deferred income tax liabilities	90	89	690
Other liabilities	4,544,351	3,469,950	3,397,133
Total liabilities	**191,324,435**	**185,820,969**	**162,196,550**
Total equity	**13,589,986**	**13,717,916**	**16,675,067**
Total liabilities and equity	**204,914,421**	**199,538,885**	**178,871,617**

R - restated

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2021, mBank S.A. Group Condensed Consolidated Financial Statements for the first for the first quarter of 2022.

Items from Consolidated Cash Flow Statements	**Year ended 31 December**		**Three months ended 31 March**	
	2021	**2020 R**	**2022**	**2021**
	(PLN thousands) *Audited*		*(PLN thousands)* *Unaudited*	
Cash and cash equivalents at the beginning of the reporting period	4,249,046	8,279,388	12,540,599	4,249,046
Cash flows from/ operating activities	10,803,934	1,328,005	5,845,569	16,022,595
Cash flows from investing activities	(508,006)	(444,346)	(156,995)	(182,964)
Cash flows from financing activities	(1,994,726)	(4,944,884)	(604,479)	(1,712,825)
Effects of exchange rate changes on cash and cash equivalents	(9,649)	30 883	(155,634)	45,760
Cash and cash equivalents at the end of the reporting period	12,540,599	4,249,046	18,678,018	18,421,612
Net increase/decrease in cash and cash equivalents	8,301,202	(4,061,225)	6,293,053	14,126,806

R - restated

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2021, mBank S.A. Group Condensed Consolidated Financial Statements for the first quarter of 2022.

Capital Adequacy

The Group is required to comply with the following regulations when calculating, among others, its capital ratios, its own funds and its total capital requirement:

- the CRR Regulation;
- the ITS Regulation;
- the Banking Law;
- the Act on Macroprudential Supervision of the Financial System and Crisis Management of 5 August 2015; and
- the Regulation of the Minister of Development and Finance of 25 May 2017 on credit exposures secured by mortgages on real estate property.

The entities included in the scope of prudential consolidation according to the rules of the CRR Regulation are taken into account in the process of calculating the consolidated own funds and the own funds requirements.

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

	31 December		31 March	
	2021	2020	2022	2021
	(per cent.) *Audited*		*(per cent.)* *Unaudited*	
Total capital ratio	16.58	19.86	15.92	19.19
Common Equity Tier 1 capital ratio/Tier 1 capital ratio	14.16	16.99	13.47	16.62

Source: *mBank S.A. Group IFRS Consolidated Financial Statements 2021, mBank S.A. Group Condensed Consolidated Financial Statements for the first quarter of 2022.*

Key Financial Ratios

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

	As of and for the year ended 31 December		As of and for three months ended 31 March	
	2021	2020	2022	2021
	(per cent.) *Unaudited*		*(per cent.)* *Unaudited*	
ROE gross[1]	-3.6	3.6	20.9	12.2
ROE net[2]	-7.2	0.6	15.0	7.7
ROA net[3]	-0.59	0.06	1.03	0.68
Cost to income ratio (C/I)[4]	40.2	41.1	38.7	43.2
Net interest margin (NIM)[5]	2.1	2.3	3.2	2.1
Non-performing loans ratio (NPL ratio)[6]	3.9	4.8	3.9	4.6
NPL ratio – corporate portfolio[7]	4.7	6.5	4.6	6.3
NPL ratio – retail portfolio[8]	3.4	3.7	3.5	3.6
NPL ratio of mortgage loan portfolio to private individuals (Poland)[9]	1.7	1.7	1.8	1.7
NPL coverage ratio[10]	53.1	58.3	54.4	58.5
Cost of risk[11]	0.76	1.19	0.89	0.59
Loan-to-deposit ratio[12]	73.8	78.8	74.9	74.5
Equity to assets[13]	6.9	9.3	6.6	8.6
Liquidity Coverage Ratio (LCR)[14]	203	202	187	230
Net Stable Funding Ratio (NSFR)[15]	152	138	140	142

Source: The Bank.

1 Calculated by dividing profit before income tax by the average equity attributable to Owners of the Bank. The average equity is calculated on the basis of the balances as of the end of each month. Profit before income tax is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

2 Calculated by dividing net profit attributable to Owners of the Bank by the average equity attributable to Owners of the Bank. The average equity is calculated on the basis of the balances as of the end of each month. Profit before income tax is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

3 Calculated by dividing net profit attributable to Owners of the Bank by the average total assets. The average total assets are calculated on the basis of the balances as of the end of each month. Net profit attributable to Owners of the Bank is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).

4 Calculated by dividing overhead costs and depreciation by total income comprising: net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses. Other income comprises gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to equity instruments and debt securities (without loans and advances).

[5] *Calculated by dividing net interest income by average interest-earning assets. Interest-earning assets are a sum of cash and balances with the Central Bank, loans and advances to banks, debt securities (in all valuation methods) and loans and advances to customers (net; in all valuation methods). The average interest-earning assets are calculated on the basis of the balances as of the end of each month. Net interest income is annualised based on the number of days in the analysed period (the annualisation ratio is calculated as the quotient of the number of days in a year and the number of days in the analysed period).*

[6] *Calculated by dividing a sum of the gross carrying value of loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to customers.*

[7] *Calculated by dividing a sum of the gross carrying value of loans and advances to corporate customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to corporate customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to corporate customers excluding reverse repo/buy/sell-back transactions.*

[8] *Calculated by dividing a sum of the gross carrying value of loans and advances to retail customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to retail customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to retail customers.*

[9] *Calculated by dividing the gross carrying value of mortgage loans to private individuals in Poland with recognised impairment by the total (gross) mortgage loans to private individuals in Poland. The mortgage loan portfolio is measured at amortised cost.*

[10] *Calculated by dividing a sum of accumulated provisions for loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and accumulated provisions for loans and advances to customers mandatorily at fair value through profit or loss in default by a sum of the gross carrying value of loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances mandatorily at fair value through profit or loss in default.*

[11] *Calculated by dividing a sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to loans and advances to customers by the average net loans and advances to customers (the sum of loans and advances to customers recognised in: financial assets measured at amortised cost, non-trading financial assets mandatorily measured at fair value through profit or loss and financial assets held for trading).The average net loans and advances are calculated on the basis of the balances as at the beginning of the year and at the end of each quarter. Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to loans and advances to customers are annualised based on the number of quarters in the analysed period (the annualisation ratio is calculated as the quotient of the number of quarters in a year and the number of quarters in the analysed period).*

[12] *Calculated by dividing net loans and advances to customers by amounts due to customers. Net loans and advances to customers are calculated as a sum of loans and advances to customers at amortised cost, loans and advances to customers mandatorily at fair value through profit or loss and loans in financial assets held for trading.*

[13] *Calculated by dividing total equity by total assets.*

[14] *Liquidity Coverage Ratio (LCR) – the ratio of liquid assets of the liquidity buffer to the expected net outflows within 30 calendar days.*

[15] *Net Stable Funding Ratio (NSFR) – the ratio of own funds and stable liabilities ensuring stable financing to illiquid assets and receivables requiring stable financing.*"

Description of the Group

- The sub-section entitled "Operations" under the section entitled "Description of the Group" of the Base Prospectus on pages 173 to 176 of the Base Prospectus, which was amended in the First Supplement on pages 22 to 24 is updated in the following manner:

  The table under the sentence "The following table shows the gross profit of the Group's segments for the periods indicated in the table below" on page 175 of the Base Prospectus and amended in the First Supplement on page 23 is deleted and replaced by the following:

	Year ended 31 December				**Three months ended 31 March**			
	2021		**2020**		**2022**		**2021**	
	Amount	**per cent. of total**	**Amount**	**per cent. of total**	**Amount**	**per cent. of total**	**Amount**	**per cent. of total**
	(PLN thousands)		*(PLN thousands)*		*(PLN thousands)*		*(PLN thousands)*	
	Audited				*Unaudited*			
Retail Banking	1,505,095	-254.7	1,073,284	176.0	502,972	70.5	273,546	54.2
Corporate and Investment Banking	803,121	-135.9	491,692	80.6	351,694	49.3	185,917	36.9
Treasury and Other	(117,754)	19.9	48,180	7.9	49,229	6.9	84,262	16.7
FX Mortgage Loans	(2,781,493)	470.6	(1,003,425)	-164.6	(190,305)	-26.7	(39,403)	-7.8

	Year ended 31 December				Three months ended 31 March			
	2021		2020		2022		2021	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
Total	**(591,031)**	**100.0**	**609,731**	**100.0**	**713,590**	**100.0**	**504,322**	**100.0**

Source: mBank S.A. Group IFRS Consolidated Financial Statements 2021, mBank S.A. Group Condensed Consolidated Financial Statements for the first quarter of 2022.

Under the table presenting Business segment reporting on the activities of the Group for the period from 1 January to 30 December 2021, which was entered into the Base Prospectus by the First Supplement (pages 23 to 24), the following text and the table with the consolidated income statement of the Group and assets and liabilities broken down into Core Business and Non-core business for the three month period ended 31 March 2022 is added on page 176 of the Base Prospectus:

"Business segment reporting on the activities of the Group for the period from 1 January to 31 March 2022 with the separated non-core business segment is presented below. Non-core assets are defined as all residential mortgage loans granted to individual customers in Poland that at any point in time were in another currency than PLN. In addition to the FX mortgage loan portfolio risk, other legal risks arising from FX mortgage contracts are also allocated to the non-core business segment.

Business segment reporting on the activities of the Group for the three month period ended 31 March 2022

Data regarding consolidated income statement *period from 1 January to 31 March 2022*	**Core Business**	**Non-core business (FX Mortgage Loans)** (*PLN thousands*) *Unaudited*	**Total figure for the Group**
Net interest income	1,472,218	27,117	1,499,335
Net fee and commission income	601,444	(3,450)	597,994
Dividend income	835	-	835
Net trading income	68,496	27,131	95,627
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(8,882)	1	(8,881)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(20,055)	-	(20,055)
Other operating income	66,300	52	66,352
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(266,177)	8,330	(257,847)
Costs of legal risk related to foreign currency loans	-	(192,754)	(192,754)
Overhead costs	(695,905)	(31,455)	(727,360)
Depreciation	(116,346)	(188)	(116,534)
Other operating expenses	(49,360)	(13,923)	(63,283)
Operating profit	**1,052,568**	**(179,139)**	**873,429**
Taxes on the Group balance sheet items	(148,673)	(11,166)	(159,839)
Profit before income tax of the segment	**903,895**	**(190,305)**	**713,590**
Data regarding consolidated statement of financial position *31 March 2022*			
Assets of the segment	193,757,666	11,156,755	204,914,421
Liabilities of the segment	190,706,620	617,815	191,324,435

Core business includes the following segments: Retail Banking, Corporate and Investment Banking, Treasury and Other

Source: mBank S.A. Group Condensed Consolidated Financial Statements for the first quarter of 2022.

Key financial ratios for the Core Business as of and for the three month period ended 31 March 2022 are as follows:

Net interest margin: 3.3 per cent.

Cost to income ratio: 37.9 per cent.

Cost of Risk: 1.01 per cent.

Net ROE: 23.7 per cent.

Net ROA: 1.49 per cent."

- The table presenting the growth of the Bank's customer base in Poland on page 177 of the Base Prospectus in the sub-section entitled "Retail Banking in Poland", which was amended in the First Supplement on page 28, is deleted and replaced by the following table:

	Dec. 2017	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021	Mar. 2022
Number of clients (in thousands)	4,437.0	4,760.6	4,645.3	4,658.5	4,487.8	4,511.9

Source: the Bank

- The table on page 182 of the Base Prospectus in the sub-section entitled "Retail Banking in the Czech Republic and Slovakia (mBank CZ/SK)", which was amended in the First Supplement on page 28, is deleted and replaced by the following table:

	Dec. 2017	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021	Mar. 2022
Number of clients (in thousands)	905.3	924.3	958.6	1,003.4	1,026.9	1,031.9

Source: the Bank

- The table on page 184 of the Base Prospectus in the sub-section entitled "Corporate and Investment Banking", which was amended in the First Supplement on page 28, is deleted and replaced by the following table:

	Dec. 2017	Dec. 2018	Dec. 2019	Dec. 2020	Dec. 2021	Mar. 2022
K1	2,093	2,193	2,319	2,358	2,272	2,248
K2	7,088	7,520	8,211	8,862	9,740	9,970
K3	12,867	13,993	15,946	17,863	19,303	19,680
Total number of corporate customers	**22,048**	**23,706**	**26,476**	**29,083**	**31,315**	**31,898**

Source: the Bank

Moreover, after the last paragraph on page 164 of the Base Prospectus in the sub-section entitled "Mobile banking icon" under the section entitled "Competitive Strengths" the following information is added:

"As of 31 March 2022, the number of active users of the Issuer's mobile application was 3,069 thousand (including 2,697 thousand in Poland)."

- The table on page 188 of the Base Prospectus in the sub-section entitled "Employees – Employment Structure", which was amended in the First Supplement on page 28, is deleted and replaced by the following table:

	Number of FTE		
	31 December 2020	31 December 2021	31 March 2022
Bank	6,034	6,075	6,235
Subsidiaries (consolidated)	654	663	664
Total..	**6,688**	**6,738**	**6,899**

- The market shares of mBank Group under the section under the section entitled "Description of the Group" of the Base Prospectus, which were amended in the First Supplement on page 29 are updated as follows:

  1. On page 164 of the Base Prospectus, in the sub-section entitled "Leading Market Position across Key Segments" under the section entitled "Competitive Strengths", which was amended in the First Supplement the following information is added after the last paragraph:

  "As of 31 March 2022, the Group's market share in retail loans stood at 8.1 per cent. (8.6 per cent. in mortgage loans and 7.3 per cent. in non-mortgage loans), while the Group's market share in retail deposits stood at 8.4

per cent. (based on NBP figures). At the same time, the Group's market share in corporate loans and corporate deposits stood at 8.3 per cent. and 11.6 per cent., respectively (based on NBP figures).

2. On page 177 of the Base Prospectus in the sub-section entitled "Retail Banking in Poland" the following sentence concerning the Group's market share as of 31 March 2022 is added below the table presenting the growth the Bank's customer base in Poland:

"As of 31 March 2022, the Group's market share in household loans and household deposits stood at 8.1 per cent. (8.6 per cent. in mortgage loans and 7.3 per cent. in non-mortgage loans) and 8.4 per cent., respectively."

- The table which appears on page 193 of the Base Prospectus in the section entitled "Funding sources", which was amended in the First Supplement on page 30, is deleted and replaced by the following:

"The funding structure of the Group as of 31 December 2021 and 31 March 2022 is presented below.

	31 December 2021		**31 March 2022**	
	PLN million	**Per cent.**	**PLN million**	**Per cent.**
Amounts due to customers	159,935.1	86.1	164,743,2	86.1
-*individual customers*	*112,446.1*	*60.5*	*111,173.6*	*58.1*
-*corporate customers and public sector*	*47,489.0*	*25.6*	*53,569.7*	*28.0*
Debt securities issued	13,429.8	7.2	13,654.1	7.1
Amounts due to banks	3,359.6	1.8	2,090,4	1.1
Subordinated liabilities	2,624.5	1.4	2,645.7	1.4
Other sources	6,472.0	3.5	8,191.0	4.3

Other sources include: Financial liabilities held for trading and hedging derivatives, Fair value changes of the hedged items in portfolio hedge of interest rate risk, Liabilities included in disposal groups classified as held for sale, Provisions, Current income tax liabilities, Deferred income tax liabilities and Other liabilities.

Source: mBank S.A. Group Consolidated Financial Statements 2021, mBank S.A. Group Condensed Consolidated Financial Statements for the first quarter of 2022"

- The description in the sub-section entitled "*Individual court proceedings concerning indexation clauses to CHF*" on page 198 of the Base Prospectus, which was amended in the First Supplement on page 30, is deleted and replaced by the following:

"Apart from the class action proceeding, there are also individual court proceedings initiated against the Bank by its customers in connection with CHF loan agreements. As of 31 March 2022, 14,705 individual court proceedings (31 December 2021: 13,373 proceedings) were initiated against the Bank by its customers in connection with CHF loan agreements, with the total value of claims amounting to PLN 4,104.6 million (31 December 2021: PLN 3,506.5 million).

Out of the individual proceedings, 14,419 proceedings (31 December 2021: 13,036 proceedings) with the total value of claims amounting to PLN 4,099.0 million (31 December 2021: PLN 3,499.9 million) were related to indexation clauses in CHF loan agreements. They include claims for declaring ineffectiveness or invalidity in part (i.e. to the extent that the agreement contains contractual provisions related to indexation) or invalidity in whole of the loan agreements.

As of 31 March 2022, mBank received 728 final rulings in individual lawsuits (31 December 2021: 473 final rulings), out of which 86 rulings were favourable to the Bank and 642 rulings were unfavourable (31 December 2021: 82 rulings favourable and 391 unfavourable). The Bank submits cassation appeals to the Supreme Court against legally binding judgments unfavourable for the Bank. Approximately 76 per cent. of unfavourable verdicts led to the invalidation of the loan agreement, others led to the conversion of the agreement into PLN plus LIBOR/WIBOR and substitution of FX clause by the fixing rate of the NBP.

The carrying amount of mortgage and housing loans granted by the Issuer to individual customers in CHF as of 31 March 2022 amounted to PLN 8.8 billion (i.e. CHF 1.9 billion) compared with PLN 9.1 billion (i.e. CHF 2.0 billion) as of the end of 2021. Additionally, the volume of the portfolio of loans granted in CHF to natural persons that were already fully repaid as of 31 March 2022, taking into account the exchange rate on the date of disbursement of individual loan tranches, amounted to PLN 6.7 billion (31 December 2021: PLN 6.6 billion)".

General Information

- The sub-section entitled "Material Adverse Change" on page 265 of the Base Prospectus in the section entitled "General Information" of the Base Prospectus, which was amended in the First Supplement on page 42, is deleted and replaced by the following:

  "**Material Adverse Change**

  There has been no significant change in the financial performance or trading position of the Issuer and the Group since 31 March 2022 and there has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2021".

- The sub-section entitled "Auditors" on page 265 of the Base Prospectus in the section entitled "General Information" of the Base Prospectus, which was amended in the First Supplement on page 42 is deleted and replaced by the following:

  "Between 2018 and 2021, the financial statements of the Issuer have been audited by Ernst & Young Audyt Polska ("E&Y") spółka z ograniczoną odpowiedzialnością sp. k. (member of the Polish Chamber of Statutory Auditors) as the Issuer's external auditor and an unqualified opinion has been reported thereon.

  The auditor's reports in respect of the financial statements for the years ended 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018 (incorporated by reference) are incorporated herein in the form and context in which they appear.

  On 31 March 2022, the XXXV Ordinary General Meeting of the Bank appointed KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., as the audit firm to conduct the audit of the Financial Statements of the Bank for 2022-2023 and the Consolidated Financial Statements of the Group for 2022-2023."