

THIRD SUPPLEMENT DATED 28 OCTOBER 2019 TO THE BASE PROSPECTUS DATED 11 JULY 2019



mBank Hipoteczny Spółka Akcyjna

(incorporated as a joint-stock company under the laws of the Republic of Poland)

EUR 3,000,000,000

Programme for the issuance of the Covered Bonds (*hipoteczne listy zastawne*)

This supplement (the “**Supplement**”) constitutes the third supplement to the Base Prospectus dated 11 July 2019 as supplemented on 5 September 2019 and on 4 October 2019 (the “**Base Prospectus**”) and must be read in conjunction with the Base Prospectus prepared by mBank Hipoteczny S.A. (the “**Issuer**” or the “**Bank**”) regarding this EUR 3,000,000,000 Programme for the issuance of the Covered Bonds (*hipoteczne listy zastawne*) (the “**Programme**”). All capitalised terms used but not otherwise defined shall have the meanings ascribed to them in the Base Prospectus.

The Issuer accepts responsibility for the information contained or incorporated by reference in this Supplement. To the best of the Issuer’s knowledge (having taken reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import. This Supplement has been prepared according to Article 13.1 of the Luxembourg Law on Prospectuses for Securities of 10 July 2005, as amended (the “**Prospectus Law**”), which remains applicable pursuant to Article 64 of the Luxembourg Law on Prospectuses for Securities dated 19 July 2019 and has been approved by the Commission de Surveillance du Secteur Financier (the “**CSSF**”) of the Grand Duchy of Luxembourg as the competent authority under Part II of the Prospectus Law.

The information contained in this Supplement updates and/or revises comparable information contained in the Base Prospectus. 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 statement referred to in (a) above will prevail.

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

This Supplement and the documents incorporated by reference will be published in electronic form on the website of the Luxembourg Stock Exchange under www.bourse.lu, will be available free of charge at the specified offices of the Bank and will be published in electronic form on the website of the Bank under www.mhipoteczny.pl.

AMENDMENTS TO THE BASE PROSPECTUS

Cover page

On Cover Page of the Base Prospectus, after the ninth paragraph, the following paragraph shall be added:

“This Base Prospectus contains also references to the ratings of the Issuer issued by S&P Global Ratings Europe Limited (“S&P”) and Fitch Ratings Limited (“Fitch”). S&P and Fitch are established in European Union, registered under CRA and included in the list of credit rating agencies published by ESMA on its website as of 28 October 2019 (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.”

Risk factors

1. Due to the fact that on 11 September 2019 the Court of Justice of the European Union issued a preliminary ruling in Case C-383/18, on page 13 of the Base Prospectus, after the risk factor under the heading “*Statutory intervention regarding CHF mortgage loans*”, the following risk factor shall be added:

“Reimbursement of the costs of consumer loan agreements in case of early repayment

On 11 September 2019, the Court of Justice of the European Union issued a preliminary ruling in Case C -383/18. The request for the preliminary ruling has been made by Lublin-Wschód District Court in Lublin and amounted to the question whether under Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC, the creditors shall be obliged to partially reimburse consumer loan costs unrelated to the duration of a credit agreement in case of an early repayment

of loans. According to the judgement of the Court of Justice, if a loan is repaid before its maturity, a creditor should *pro rata* reduce any loan related costs (including interest, commissions, taxes and any other kind of fees which a consumer is required to pay in connection with a loan agreement). It is likely that this preliminary ruling will be treated as a precedent by other Polish courts.

Although the preliminary ruling relates to the consumer loans, it cannot be excluded that the rationale presented in this ruling will be adopted by Polish courts in cases relating to retail mortgage loans.

The obligation to proportionally reduce all credit costs in case of early repayments of the consumer loan agreements may have a negative impact on the Group and on the business activity and financial position of the Group. The potential application of precedent presented in Case C-383/18 to retail mortgage loans may have also a negative impact on the financial position of the Bank. In consequence, it may adversely affect the Bank's financial standing and its ability to meet obligations under the Covered Bonds.”

2. In connection with the announcement of Commerzbank’s intention to sell Commerzbank’s majority stake in mBank, Fitch announced updates to mBank’s and the Bank’s ratings. Since, on page 14 of the Base Prospectus, after the fifth paragraph of the risk factor under the heading “Any reduction in the credit rating of the Bank and its affiliates could increase its cost of funding and adversely affect its interest margins, the following paragraph shall be added:

“On 15 October 2019, Fitch downgraded the Bank’s and mBank’s long-term issuer default ratings from BBB to BBB-, short-term issuer default ratings from F2 to F3, national long-term ratings from AA-(pol) to A+(pol) and national short-term ratings from F1+(pol) to F1(pol). The downgrade of the ratings was motivated by the Fitch’s opinion that mBank is no longer a strategically important subsidiary of Commerzbank. Ratings of the Bank and mBank were also placed on rating watch with a positive indication which reflects the Fitch’s view that the ownership change should be positive for the Bank’s and mBank’s credit profiles.”