

Warsaw, 30 January 2017

## **mBANK HIPOTECZNY S.A.**

Issue of mortgage covered bearer bonds for a total nominal value of EUR 24,900,000 Series HPE16 issued under the mortgage covered bond issuance program of up to PLN 15,000,000,000.

### **PART A – INFORMATION ON OBLIGATIONS**

This document ("**Final Terms and Conditions**") constitutes the final terms and conditions of series HPE16 mortgage covered bonds issued in bearer form of a total nominal value of EUR 24,900,000 within the meaning of art. 5.4 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and has to be read together with the base prospectus of mBank Hipoteczny S.A., which was approved by the Financial Supervision Authority decision of 26 August 2016, as amended by Appendix no. 1 dated 12 September 2016 and Appendix no. 2 dated 12 October 2016 ("**Prospectus**").

Full information on the Issuer and on the Covered Bonds is only available on the basis of the combination of these Final Terms and Conditions and the Prospectus.

Summary for the issue of the Covered Bonds of Series HPE16 ("**CB**") is attached to these Final Terms and Conditions.

The capitalised terms presented in these Final Terms and Conditions have the meaning defined in the Terms and Conditions provided in the Prospectus.

The Prospectus has been published on the Issuer's website ([www.mhipoteczny.pl/relacje-inwestorskie](http://www.mhipoteczny.pl/relacje-inwestorskie)). These Final Terms and Conditions have been published on the Issuer's website ([www.mhipoteczny.pl/relacje-inwestorskie](http://www.mhipoteczny.pl/relacje-inwestorskie)).

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| 1.  | Issuer:                                | mBank Hipoteczny S.A., with its registered office in Warsaw                          |
| 2.  | Series number:                         | HPE16  |
| 3.  | Number of CB:                          | 249  |
| 4.  | Nominal value of one CB:               | EUR 100,000  |
| 5.  | Total nominal value of CB:             | EUR 24,900,000   |
| 6.  | Issue price (selling price) of one CB: | EUR 100,000  |
| 7.  | Issue Date:                            | 1 February 2017  |
| 8.  | Interest Commencement Date:            | Issue Date   |
| 9.  | Maturity Date:                         | 1 February 2024  |
| 10. | Interest:                              | Fixed Interest Rate (subject to point 14)<br>(detailed provisions in point 13 below) |
| 11. | Maturity basis:                        | The Covered Bonds shall be repurchased on the Maturity Date.                         |

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12.	Redemption:	Not applicable
13.	<b>Provisions on the CB with the Fixed Interest Rate:</b>	Applicable (subject to point 14)
13.1	Fixed Interest Rate:	0.940 % per annum
13.2	Interest Payment Date:	1 February of each year (adjusted in line with the Next Business Day Convention (as defined in point 14.9))
13.3	Fixed Interest Amount:	EUR 940.00 for each EUR 100,000 nominal value of 1 CB for one Interest Period
13.4	Interest payable on one Covered Bond for incomplete Interest Period	Not applicable
13.5	Other provisions concerning the method of calculating interest on CB with the Fixed Interest Rate:	Day Count Convention: Actual/Actual (ICMA) (unadjusted)
13.6	Interest Period Change Date:	1 February of each year
13.7	Interest Period:	The period beginning on the Interest Commencement Date (including that date) and ending on the first Interest Period Change Date (but excluding that date) and any subsequent period beginning on a given Interest Period Change Date (including that date) and ending on the next Interest Period Change Date (but excluding that date).
13.8	Yield:	0.940 % per annum.  Yield of the Covered Bonds is computed on the basis of the issue price rate of the Covered Bonds applicable as at the Issue Date and is not indicative of the yield of the Covered Bonds in the future.
14.	<b>Provisions concerning the Covered Bonds with Variable Interest Rate:</b>	Applicable for the Interest Period starting on 1 February 2024 and any subsequent Interest Period up to the Interest Period ending on 1 February 2025 (but excluding that date)
14.1	Reference Rate:	EURIBOR for 1-month deposits
14.2	Margin:	0.46 % per annum.
14.3	Interest Period Change Date	1 <sup>st</sup> day of each month
14.4	Interest Period:	The period beginning on 1 February 2024 (including that date) and ending on the first Interest Period Change Date (but excluding that date) and any subsequent period beginning on a given Interest Period Change Date (including that date) and ending on the next Interest Period Change Date (but excluding that date).
14.5	Reference Period:	equal to Interest Period
14.6	Day Count Convention:	Actual/360 (unadjusted)
14.7	Interest Payment Dates:	1 <sup>st</sup> day of each month (adjusted in line with the Next Business Day Convention)

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- 14.8 Interest payable on 1 CB for incomplete Interest Period: Not applicable
- 14.9 Business Day Convention Next Business Day Convention, i.e. if payment under the CB is due on a day which is not a day on which banks in Warsaw, Krajowy Depozyt Papierów Wartościowych w Warszawie S.A. and TARGET2 are open for the settlement of payments, then such payment or action shall be postponed to the next day on which banks in Warsaw, Krajowy Depozyt Papierów Wartościowych w Warszawie S.A. and TARGET2 are open for the settlement of payments
- 14.10 Relevant Time: 11:00 a.m. CET
- 14.11 Interest Fixing Date: the day falling two Business Days prior to the first day of each Interest Period
- 14.12 Screen: Reuters EURIBOR01 or any other page which will replace it
- 14.13 Reference Banks: Deutsche Bank Polska S.A., ING Bank Śląski S.A., Société Générale S.A. Oddział w Polsce
15. **Provisions concerning method and dates of payment of interest in the event of the Issuer bankruptcy**
- 15.1 Interest Payment Dates: As specified in point 13.2 and 14.7
- 15.2 Method of payment The interest will be paid via Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository for Securities) in accordance with its internal regulations
16. **Provisions concerning terms and dates of CB maturity in the event of the Issuer bankruptcy**
- 16.1 Terms and dates of maturity: In the event of the bankruptcy of the Issuer, the CB maturity date shall be extended until 1 February 2025, subject to the exceptions indicated in the Terms and Conditions included in the Prospectus.
17. Other provisions: Under the act of 10 June 2016 on the Bank Guarantee Fund, deposit guarantee schemes and compulsory restructuring (Journal of Laws of 2016, item 996) liabilities under the Covered Bonds may not be subject to the write-down or the conversion on the terms provided in the above act up to the amount which is fully covered.

**mBANK HIPOTECZNY S.A.**

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Marcin Romanowski  
Member of the Management Board

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Grzegorz Trawiński  
Member of the Management Board

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### **REPRESENTATION BY THE TRUSTEE**

In performance of the provisions of art. 6.9 of the Act of 29 August 1997 on the Covered Bonds and Mortgage Banks (Dz.U. of 2003, No. 99, item 919, as amended), I, Waldemar Nowak, as the Deputy Trustee of mBank Hipoteczny S.A., represent that the issue of Series HPE16 mortgage covered bonds which these Final Terms and Conditions concern is secured by the Issuer in accordance with the said Act. The Issuer has made appropriate entries in the collateral register for the mortgage covered bonds. I also represent that the issue of the mortgage covered bonds of series HPE16 does not breach the requirements specified in Art. 18 of the said Act as at 31 December 2016.

Furthermore, the results of the coverage balance test as at 31 December 2016 and liquidity test as at 31 December 2016 confirm that the receivables of the Issuer and the rights and assets, as referred to in art. 18 (3), (3a) and (4) of the above-mentioned act, entered in the collateral register for the mortgage covered bonds are sufficient to fully satisfy claims of the mortgage covered bonds holders.

Warsaw, 16 January 2017

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Waldemar Nowak

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## **PART B – OTHER PROVISIONS**

18. Listing of the Covered Bonds and the Covered Bonds trading      The Issuer will submit application for admission of the Covered Bonds of Series HPE16 to listing and introduction of the Covered Bonds Series HPE16 to trading on regulated market (parallel market) operated by the WSE. The Issuer expects that the first day of trading of the Covered Bonds Series HPE16 will take place on 6 – 10 March 2017.
19. Ratings      The Covered Bonds were assigned a rating of A by the Fitch Ratings Ltd. rating agency. Fitch Ratings Ltd. is listed in the credit rating agencies register, in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. Rating of the Covered Bonds of Series HPE16 shall be confirmed on the Issue Date.

## **INVOLVEMENT OF NATURAL AND LEGAL PERSONS IN THE OFFER**

The person involved in the offer is mBank S.A. as the Offeror.

The person involved in the offer is also mBank S.A. as the Firm Commitment Underwriter.

Apart from the Offeror and Firm Commitment Underwriter, who will receive commission for offering or, respectively, underwriting commission paid by the Issuer, in accordance with the state of Issuer's knowledge, there are no persons involved in the offer, which would have essential interests in relation to the offer. The Offeror, the Firm Commitment Underwriter, their affiliates and related entities may be involved financial transactions with the Issuer and may in their course of business provide other services to the Issuer, its affiliates and related entities.

## **ESTIMATED NET PROCEEDS AND EXPENDITURE ARISING OUT OF THE OFFER**

20. Estimated net proceeds:      The nominal value EUR 24,900,000 decreased by total costs of the offer.
21. Estimated expenditures arising out of the offer:      Due to the fact that the issue of the HPE16 Series covered bonds is made under the Programme it is not possible to determine the total costs attributable to the issue of the HPE16 Series covered bonds and the total expenses connected with the offering of the HPE16 Series covered bonds. Information on such costs will be made publicly available upon all the costs under the Programme are accounted for issues of respective series of covered bonds.
22. The amount of commission for placement;      EUR 34,873.64  
the amount of commission paid to      EUR 34,873.64  
commitment underwriter:

## **INFORMATION CONCERNING THE SECURITIES TO BE OFFERED OR ADMITTED TO TRADING**

23. The resolutions underlying the issue of the Covered Bonds      Resolution No. 93/2016 of the Issuer's Management Board of 26 July 2016, Resolution No. 2/2017 of the Issuer's Management Board of 19 January 2017.
24. ISIN Code:      PLRHNHP00565 (to be confirmed by Management Board Resolution of Krajowy Depozyt Papierów

Wartościowych S.A. (the National Depository for Securities )

25. All the regulated markets (equivalent markets) on which, to the knowledge of the Issuer, securities of the same class are admitted to trading

Under the program of public and mortgage bearer bonds with a total value of PLN 6,000,000,000 approved by Polish Financial Supervision Authority decision DEM/WE/410/36/24/09 of 28 October 2009, Bank issued following series of covered bonds that have been admitted to trading on the regulated over-the-counter market for debt securities operated by BondSpot S.A. or on the regulated market for debt securities operated by Warsaw Stock Exchange:

**mortgage covered bonds:**

- series HPA8 in the amount of PLN 25,000,000, listed under the code PLRHNHP00151
- series HPA9 in the amount of PLN 25,000,000, listed under the code PLRHNHP00169
- series HPA10 in the amount of PLN 200,000,000, listed under the code PLRHNHP00177
- series HPA11 in the amount of PLN 100,000,000, listed under the code PLRHNHP00185
- series HPA12 in the amount of PLN 100,000,000, listed under the code PLRHNHP00193
- series HPA13 in the amount of PLN 200,000,000, listed under the code PLRHNHP00219
- series HPA14 in the amount of PLN 100,000,000, listed under the code PLRHNHP00227
- series HPA15 in the amount of PLN 200,000,000, listed under the code PLRHNHP00235
- series HPA16 in the amount of PLN 100,000,000, listed under the code PLRHNHP00243
- series HPA17 in the amount of PLN 200,000,000, listed under the code PLRHNHP00250
- series HPA18 in the amount of PLN 200,000,000, listed under the code PLRHNHP00268
- series HPA19 in the amount of PLN 200,000,000, listed under the code PLRHNHP00276
- series HPE1 in the amount of EUR 10,000,000, listed under the code PLRHNHP00300
- series HPA20 in the amount of PLN

100,000,000, listed under the code PLRHNHP00318

- series HPA21 in the amount of PLN 80,000,000, listed under the code PLRHNHP00326

- series HPE2 in the amount of EUR 30,000,000, listed under the code PLRHNHP00334

- series HPE3 in the amount of EUR 50,000,000, listed under the code PLRHNHP00342

- series HPE4 in the amount of EUR 7,500,000, listed under the code PLRHNHP00359

- series HPE5 in the amount of EUR 8,000,000, listed under the code PLRHNHP00367

- series HPE6 in the amount of EUR 15,000,000, listed under the code PLRHNHP00375

- series HPE7 in the amount of EUR 20,000,000, listed under the code PLRHNHP00383

- series HPA22 in the amount of PLN 300,000,000, listed under the code PLRHNHP00391

- series HPA23 in the amount of PLN 200,000,000, listed under the code PLRHNHP00409

- series HPE8 in the amount of EUR 20,000,000, listed under the code PLRHNHP00417

- series HPE9 in the amount of EUR 50,000,000, listed under the code PLRHNHP00425

- series HPA24 in the amount of PLN 200,000,000, listed under the code PLRHNHP00433

- series HPE10 in the amount of EUR 20,000,000, listed under the code PLRHNHP00441

- series HPA25 in the amount of PLN 250,000,000, listed under the code PLRHNHP00458

- series HPE11 in the amount of EUR 11,000,000, listed under the code PLRHNHP00466

- series HPE12 in the amount of EUR 50,000,000, listed under the code PLRHNHP00474

- series HPA26 in the amount of PLN 500,000,000, listed under the code PLRHNHP00482

- series HPA27 in the amount of PLN 255 million, listed under the code PLRHNHP00490

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- series HPA28 in the amount of PLN 300,000,000, listed under the code PLRHNHP00508
- series HPE13 in the amount of EUR 50,000,000, listed under the code PLRHNHP00516
- series HPA29 in the amount of PLN 50,000,000, listed under the code PLRHNHP00524
- series HPA30 in the amount of PLN 100,000,000, listed under the code PLRHNHP00532

**public sector covered bonds :**

- series PUA5 in the amount of PLN 100,000,000, listed under the code PLRHNHP00201
- series PUA6 in the amount of PLN 100,000,000, listed under the code PLRHNHP00284
- series PUA7 in the amount of PLN 150,000,000, listed under the code PLRHNHP0029,

while the following series of covered bonds mentioned above were redeemed by the Issuer in accordance with the terms of the issue:

- series HPA8 in the amount of PLN 25,000,000, listed under the code PLRHNHP00151
- series HPA17 in the amount of PLN 200,000,000, listed under the code PLRHNHP00250
- series HPA9 in the amount of PLN 25,000,000, listed under the code PLRHNHP00169
- series HPA10 in the amount of PLN 200,000,000, listed under the code PLRHNHP00177
- series HPA12 in the amount of PLN 100,000,000, listed under the code PLRHNHP00193
- series HPA14 in the amount of PLN 100,000,000, listed under the code PLRHNHP00227
- series HPA16 in the amount of PLN 100,000,000, listed under the code PLRHNHP00243
- series PUA6 in the amount of PLN 100,000,000, listed under the code PLRHNHP00284
- series HPA11 in the amount of PLN



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100,000,000, listed under the code PLRHNHP00185

- series PUA5 in the amount of PLN 100,000,000, listed under the code PLRHNHP00201

- series HPA13 in the amount of PLN 200,000,000, listed under the code PLRHNHP00219

- series PUA7 in the amount of PLN 150,000,000, listed under the code PLRHNHP00292.

Under the Program Bank issued following series of covered bonds that have been admitted to trading on the regulated over-the-counter market for debt securities operated by BondSpot S.A. or on the regulated market for debt securities operated by Warsaw Stock Exchange:

- series HPE14 in the amount of EUR 13,000,000, listed under the code PLRHNHP00540

- series HPE15 in the amount of EUR 35,000,000, listed under the code PLRHNHP00557.

26. Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading; the basic conditions of their obligations Not applicable.

#### INFORMATION CONCERNING THE OFFER

27. Number of the offered the Covered Bonds: 249
28. Nominal value of one Covered Bond: EUR 100,000
29. Total nominal value of the Covered Bonds: EUR 24,900,000
30. Issue price (selling price) of one Covered Bond: EUR 100,000
31. The period of the offer: The subscription orders can be submitted on 30 January 2017 (between 1.00 p.m. and 3 p.m. CET).
32. Offer procedure: Firm Commitment Underwritten Offering
33. The time periods related to the offer: 30 January 2017 – the date when the Final Terms and Conditions will be made publicly available
- 30 January 2017 (between 1.00 p.m. and 3 p.m. CET) – the date when the subscription orders can be submitted
- 1 February 2017 – the Issue Date
- 6 – 10 March 2017 – the intended first day of listing

of the Covered Bonds

34. Description of the subscription process, including rules for subscription by proxy:
- Subscription orders for the Covered Bonds of Series HPE16 should be made by filling a subscription order form in three copies. As evidence of placing an order a person submitting the order will receive one copy of the subscription form confirmed by an employee of the Offeror accepting an order. Any consequences of an inaccurate filling in of the subscription order form for the Covered Bonds of Series HPE16 shall be borne by the person placing the order.
- Subscription orders may be placed by fax if this has been agreed between a given investor and the Offeror.
- A form of a subscription order for the Covered Bonds of Series HPE16 will be made available to investors within the period of subscription of the Covered Bonds of Series HPE16.
- Each investor who intends to purchase the Covered Bonds of Series HPE16 is obliged, together with placing a subscription order, to make an order for entering of the Covered Bonds of Series HPE16 on the investment account / securities account specified by such investor.
- An investor placing a subscription order shall present documents evidencing its legal status and its rules of representation. Persons placing orders on behalf of a legal person or an unincorporated organisational unit should, no later than at the time of submitting the order, provide valid documents confirming their authorisation to represent the investor, unless such documents have been already provided in connection with another transaction and are up to date.
- An investor may place a subscription order by a proxy. Detailed rules of submitting orders by proxies should be agreed in advance between a given investor and the Offeror.
- Placing a subscription order by an entity managing a securities package of a third party involves the submission by this entity a subscription order form and attaching a list of investors, on whose behalf the subscription order is placed. Such a list must contain, in respect of each investor, the data required in the subscription order form and must be signed by a person authorized to represent the entity managing a securities package on a third party's behalf.
35. List of customer service points in which the subscriptions will be accepted:
- mBank S.A., ul. Senatorska 18, Warsaw, running a brokerage activity within an organizationally separated entity – brokerage office operating under the name "Dom Maklerski mBanku", provided that the orders may not be placed in the "Dom Maklerski mBanku" in person.
36. Details concerning minimum and maximum
- An invited Institutional Investor shall be authorised to

- volume of subscription and multiplicity of subscription: subscribe for the number of Covered Bonds of Series HPE16 specified in the invitation sent to such investor, which shall not exceed the number of Covered Bonds of Series HPE16 which the investor declared to purchase during the book building process.
- Institutional Investors who did not participate in the book building process or who did participate in the book building process but did not receive the Invitation may place subscription orders on general terms for not less than 10 Covered Bonds of Series HPE16 and not more than the aggregate number of Covered Bonds of Series HPE16 offered by the Firm Commitment Underwriter
37. Description of the rules of allotment: Offering of the Covered Bonds of Series HPE16 shall be preceded by the book building process and the Covered Bonds of Series HPE16 shall first be allotted to invited Institutional Investors who participated in the book building process and on the basis of the invitation to subscribe for the Covered Bonds of Series HPE16 properly submitted and paid subscriptions for the Covered Bonds of Series HPE16. With regard to those invited Institutional Investors the Covered Bonds of Series HPE16 will be allotted at the discretion of the Firm Commitment Underwriter. Subsequently, the Covered Bonds of Series HPE16 may be allotted at the discretion of the Firm Commitment Underwriter to the rest of Institutional Investors.
38. The details of the payment date and payment mechanism: Payment for Covered Bonds of Series HPE16 purchased by Institutional Investors from the Firm Commitment Underwriter should be made in full, in EUR in the manner which will ensure that not later than on 1 February 2017 until 10.30 a.m. the funds have been deposited in the account of an entity who collected the subscription orders for the Covered Bonds of Series HPE16.
- Payment for the Covered Bonds of Series HPE16 shall be made by way of exchange of settlement instructions between the entity maintaining the investor's securities account and the entity representing the Issuer (*delivery versus payment*). In order to pay for the Covered Bonds of Series HPE16 subscribed for the investor shall be required to issue a settlement instruction at the time and with the parameters indicated in the invitation.
- A full payment shall be understood as the payment of an amount equal to the product of the number of Covered Bonds of Series HPE16 specified in the invitation to place a subscription order sent to the invited Institutional Investor or the number of Covered Bonds of Series HPE16 specified in the subscription order form delivered by the Institutional Investor, and the selling price per Covered Bond of Series HPE16.

39. Date of public announcement of offering result: The Issuer will make available on its website ([www.mhipoteczny.pl/relacje-inwestorskie](http://www.mhipoteczny.pl/relacje-inwestorskie)) information on the results of the Offering of the Covered Bonds of Series HPE16 within fourteen days from the day the subscription of the Covered Bonds of Series HPE16 is finalised.
40. Process for notification to applicants of the amount of the allotted Covered Bonds: An investor is entitled to receive information on the number of allotted Covered Bonds of Series HPE16 at the offices of the entity maintaining the investor's investment account and in accordance with the rules of procedure followed by that entity.
41. Procedure for delivery of the Covered Bonds and settlement of issue price (selling price) for the Covered Bonds: The Issuer shall apply to Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository for Securities) for the conclusion of an agreement on registration of Covered Bonds of Series HPE16 with Krajowy Depozyt Papierów Wartościowych S.A. Upon allotment of Covered Bonds of Series HPE16, the Issuer and the Firm Commitment Underwriter shall take action to promptly have the Covered Bonds of Series HPE16 deposited in the investment accounts of the persons to whom they were allotted.
- Registration of the Covered Bonds of Series HPE16 with Krajowy Depozyt Papierów Wartościowych S.A. shall take place following the clearing and settlement by the Krajowy Depozyt Papierów Wartościowych S.A. of transactions executed as part of the Offering, resulting in the registration of Covered Bonds of Series HPE16 in the registration accounts of participants simultaneously with debiting of their cash accounts, i.e. registration shall take place upon submission to Krajowy Depozyt Papierów Wartościowych S.A. by the entity maintaining the investor's securities account of a settlement instruction made out in accordance with the settlement instruction issued by and the entity representing the Firm Commitment Underwriter, and upon payment for the Covered Bonds of Series HPE16.
- Considering that registration of the Covered Bonds of Series HPE16 will be made by way of exchange of settlement instructions between the entity maintaining the investor's securities account and the entity representing the Firm Commitment Underwriter (delivery versus payment), the investor shall be required to indicate the securities account for the purpose of settlement of payments and settlement of the Covered Bonds of Series HPE16.
42. The costs and taxes to be collected from the subscriber: An investor placing a subscription order for the Covered Bonds of Series HPE16 issued by the Issuer or sold by Firm Commitment Underwriter shall not bear any additional costs related to such order placement.
43. Name and address of paying agents and depository agents: The paying agent and the entity providing deposit services is Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository for Securities), registered office at ul. Książęca 4, Warsaw, Poland, as well as investment firms, clearing

- houses and banks keeping securities accounts in which Covered Bonds of Series HPE16 will be deposited.
44. Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements; substantive conditions of agreements: The entity with which the Issuer executed a firm commitment underwriting agreement on 30 January 2017 is mBank S.A., registered office at ul. Senatorska 18, Warsaw.
45. Essential features of the agreements referred to in paragraph 44 above, and the quotas: According to the agreement, mBank S.A. undertook to acquire up to 249 items of the Mortgage Covered Bonds, each of them on its own behalf and on its own account, for the purpose of their further disposal to the Investors, and the Issuer undertook to allocate this number of the Mortgage Covered Bonds to mBank S.A. as the Underwriter. The number of the Mortgage Covered Bonds, which shall be allocated to mBank S.A., shall be not less than the number of the Mortgage Covered Bonds with respect to which the Declarations to Acquire Mortgage Covered Bonds shall be previously filed by the Investors approved by mBank S.A. and with respect to which mBank S.A. sent the Invitation to Subscribe but no more than 249 items of the Mortgage Covered Bonds.
46. When the underwriting agreement has been or will be reached: The Issuer has executed a firm commitment underwriting agreement with mBank S.A. on 30 January 2017.
47. In the event the offer is being conducted simultaneously in the markets of two or more countries and if for any of these markets has been or is being reserved tranche indication of such tranches: Not applicable.

#### **INFORMATION REQUIRED TO BE GIVEN WITH REGARD TO THE CONSENT OF THE ISSUER OR THE PERSON RESPONSIBLE FOR THE PREPARATION OF THE PROSPECTUS**

48. The period of validity of the offer, during which the Cascade Offer Procedure Participants can make subsequent resale of the Covered Bonds or their final placement: Not applicable – the Offering is not made under the Cascade Offer Procedure
49. The conditions to which the consent is subject, which are applicable to the use of the Prospectus: Not applicable
50. A list and indication (name and address) of the Cascade Offer Procedure Participants (the financial intermediaries who are allowed to use the Prospectus): Not applicable

## Appendix No. 1 to the Final Terms and Conditions of the Covered Bonds of Series HPE16

### Summary of the Issue of the Covered Bonds of Series HPE16

#### Section A – Introduction and warnings

Element	Disclosure requirement
<b>A.2</b>	<p>Validity period of the offer, during which financial intermediary may subsequently resale the Covered Bonds or can accomplish final placement of the Covered Bonds: not applicable.</p> <p>The conditions under which the consent may be given, which are applicable to the Prospectus: not applicable.</p> <p>The list and indication of (name and address) financial intermediaries, which are allowed to use the Prospectus: not applicable.</p>

#### Section C - Securities

Element	Disclosure requirement
<b>C.1</b>	<p>Series: HPE16</p> <p>International Security Identification Number (ISIN): PLRHNHP00565 (to be confirmed by Management Board Resolution of Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository for Securities )</p>
<b>C.2</b>	<p><b>Currency of the securities issue.</b></p> <p>Currency of the issue: euro</p>
<b>C.9</b>	<p><b>The nominal interest rate, the date from which interest becomes payable and the due dates for interest, where the rate is not fixed, a statement setting out the type of underlying and a description of the underlying on which it is based, maturity date and arrangements for the amortisation of the loan, including the repayment procedures, an indication of yield, name and surname (name) of the person representing holders of debt securities.</b></p> <p><b>Interest rate</b></p> <p>The Covered Bonds bear interest rate at a fixed rate equal to 0.940 per cent per annum (subject to the next paragraph). Interest payment dates: 1 February of each year (adjusted in line with the Next Business Day Convention).</p> <p>From 1 February 2024 (inclusive) to 1 February 2025 (exclusive) the Covered Bonds bear interest rate at a variable interest rate which is the sum of EURIBOR for 1-month deposits and the margin of 0.46 % per annum. Interest payment dates: 1<sup>th</sup> day of each month (adjusted in line with the Next Business Day Convention).</p> <p><b>Maturity</b></p> <p>The Covered Bonds will be repurchased on 1 February 2024</p> <p><b>Yield</b></p> <p>Profitability is 0.940 % p.a.</p>

This is an unofficial translation of the Polish version of the Final Terms and Conditions dated 30 January 2017. This translation of the original Final Terms and Conditions dated 30 January 2017 does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Offer or to subscribe or purchase of any of the Covered Bonds.

Element	Disclosure requirement
<b>C.11</b>	<p><b>An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question</b></p> <p>The Issuer intends to file application for admission of the Covered Bonds of Series HPE16 to listing and introduce the Covered Bonds of Series HPE16 to trading on the regulated market (parallel market) operated by the Warsaw Stock Exchange in Warsaw S.A.</p>

## Section E – The Offer

Element	Disclosure requirement
E.3	<p><b>A description of the terms and conditions of the offer.</b></p> <p>Type of the Covered Bonds: Covered Bonds in bearer form, dematerialized, bearing interest at a fixed interest rate (as from 1 February 2024 inclusive – at floating interest rate).</p> <p>A number of the offered Covered Bonds: 249</p> <p>A nominal value of one Covered Bond is: EUR 100,000.</p> <p>Information of interest rate of the Covered Bonds:</p> <p>The Covered Bonds bear interest rate at a fixed rate equal to 0.940 per cent per annum (subject to the next sentence). From 1 February 2024 (inclusive) to 1 February 2025 (exclusive) the Covered Bonds bear interest rate at a variable interest rate which is the sum of EURIBOR for 1-month deposits and the margin of 0.46 % per annum.</p> <p>Issue price (sale price) of a Covered Bond is: EUR 100,000.</p> <p>Offer period: 30 January 2017.</p> <p>Procedure of the offer: Firm Commitment Underwritten Offering.</p> <p>Description of the subscription process:</p> <p>Subscription orders for the Covered Bonds of Series HPE16 should be made by filling a subscription order form in three copies. As evidence of placing an order a person submitting the order will receive one copy of the subscription form confirmed by an employee of the Offeror accepting an order. Any consequences of an inaccurate filling in of the subscription order form shall be borne by the person placing the order.</p> <p>Subscription orders may be placed by fax if this has been agreed between a given investor and the Offeror.</p> <p>A form of a subscription order for the Covered Bonds of Series HPE16 will be made available to investors within the period of subscription of the Covered Bonds of Series HPE16.</p> <p>An investor may place a subscription order by a proxy. Detailed rules of submitting orders by proxies should be agreed in advance between a given investor and the Offeror.</p> <p>Customer service points accepting the subscription: mBank S.A., at ul. Senatorska 18, Warsaw, running a brokerage activity within an organizationally separated entity – brokerage office operating under the name "Dom Maklerski mBanku", provided that the orders may not be placed in the "Dom Maklerski mBanku" in person.</p> <p>Details concerning minimum and maximum amount of subscription:</p> <p>An invited Institutional Investor shall be authorised to subscribe for the number of Covered Bonds of Series HPE16 specified in the invitation sent to such investor, which shall not exceed the number of Covered Bonds of Series HPE16 which the investor declared to purchase during the book building process.</p> <p>Institutional Investors who did not participate in the book building process or who did participate in the book building process but did not receive the Invitation may place subscription orders on general terms for not less than 10 Covered Bonds of Series HPE16 and not more than the aggregate number of Covered Bonds of Series HPE16 offered by the Firm Commitment Underwriter</p> <p>The allocation rules:</p>



	<p>The Covered Bonds of Series HPE16 shall first be allotted to invited Institutional Investors who participated in the book building process and on the basis of the invitation to subscribe for the Covered Bonds of Series HPE16 properly submitted and paid subscriptions for the Covered Bonds of Series HPE16. With regard to those invited Institutional Investors the Covered Bonds of Series HPE16 will be allotted at the discretion of the Firm Commitment Underwriter. Subsequently, the Covered Bonds of Series HPE16 may be allotted at the discretion of the Firm Commitment Underwriter to the rest of Institutional Investors.</p> <p>Details regarding the payments date and payment mechanism:</p> <p>Payment for Covered Bonds of Series HPE16 purchased by Institutional Investors from the Firm Commitment Underwriter should be made in full, in EUR in the manner which will ensure that not later than on 1 February 2017 until 10.30 a.m. the funds have been deposited in the account of an entity who collected the subscription orders for the Covered Bonds of Series HPE16.</p> <p>Payment for the Covered Bonds of Series HPE16 shall be made by way of exchange of settlement instructions between the entity maintaining the investor's securities account and the entity representing the Issuer (<i>delivery versus payment</i>).</p> <p>Date of public announcement of offering result: within fourteen days from the day the subscription of the Covered Bonds of Series HPE16 is finalised.</p> <p>Process for notification to investors on the allotment of the Covered Bonds:</p> <p>An investor is entitled to receive information on the number of allotted Covered Bonds of Series HPE16 at the offices of the entity maintaining the investor's investment account and in accordance with the rules of procedure followed by that entity.</p> <p>Costs and taxes incurred by the investors subscribing for the Covered Bonds:</p> <p>An investor placing a subscription order for the Covered Bonds of Series HPE16 issued by the Issuer or sold by Firm Commitment Underwriter shall not bear any additional costs related to such order placement.</p> <p>Name and address of paying agents and depository agents:</p> <p>The paying agent and the entity providing deposit services is Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository for Securities), registered office at ul. Książęca 4, Warsaw, Poland, as well as investment firms, clearing houses and banks keeping securities accounts in which Covered Bonds of Series HPE16 will be deposited.</p> <p>Name and address of the entities that have agreed to underwrite the issue on a firm commitment basis, and name and address of the entities that have agreed to place the issue without a firm commitment or under "best efforts" arrangements; substantive conditions of such agreements:</p> <p>The Issuer has executed a firm commitment underwriting agreement with mBank S.A. on 30 January 2017. According to the agreement, mBank S.A. undertook to acquire up to 249 items of the Mortgage Covered Bonds, each of them on its own behalf and on its own account, for the purpose of their further disposal to the Investors, and the Issuer undertook to allocate this number of the Mortgage Covered Bonds to mBank S.A. as the Underwriter. The number of the Mortgage Covered Bonds, which shall be allocated to mBank S.A., shall be not less than the number of the Mortgage Covered Bonds with respect to which the Declarations to Acquire Mortgage Covered Bonds shall be previously filed by the Investors approved by mBank S.A. and with respect to which mBank S.A. sent the Invitation to Subscribe but no more than 249 items of the Mortgage Covered Bonds. A date when the underwriting agreement has been or will be finalised: 30 January 2017.</p>
<p><b>E.4</b></p>	<p><b>A description of any interest, including conflicting ones that is material to the issue/offer.</b></p> <p>Except as indicated in the Prospectus, as far as the Issuer is aware, no person involved in the issuance of the Covered Bonds of Series HPE16 has no material interest in connection with the offer or there is no conflict of interest.</p>