**(a joint-stock company with its registered office in Warsaw, address: ul. Lecha Kaczyńskiego 26, 00-609 Warsaw, registered in the business register of the National Court Register under entry No. KRS 0000003753)**

# Supplement 5
## approved by the Polish Financial Supervision Authority on 9th March 2018
## to the Base Prospectus of mBank Hipoteczny S.A.
## approved by the Polish Financial Supervision Authority
## on 26th August 2016
## (the "Prospectus")

This supplement 5 ("Supplement 5") to the Base Prospectus of mBank Hipoteczny S.A. has been prepared in connection with the publication by the Issuer on 5th March 2018 of the financial statements for 2017 and following the entry into force of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, and must be read in conjunction with the Prospectus.

This Supplement 5 has been drawn up to update the Prospectus with historical financial information for 2017 and with information on trends prevailing in the period from 1st January 2018 to 31st January 2018.

In the opinion of the Issuer's Management Board, in 2017 there were no changes in the Bank's financial situation which would be materially inconsistent with the trends in the financial position of mBank Hipoteczny S.A. and the related information presented in the Prospectus. The Issuer's Management Board believes that the financial information contained in the financial statements for the period from 1st January 2017 to 31st December 2017 has no material bearing on the assessment of mBank Hipoteczny S.A.

Based on this Supplement 5, the Issuer's financial statements for 2017 (the "Financial Statements for 2017"), published on 5th March 2018 and available on the Issuer's website at www.mhipoteczny.pl/relacje-inwestorskie/raporty-okresowe, are included in the Prospectus by reference.

All terms which are capitalised in this document are defined in the Prospectus in the *Definitions and Abbreviations* section.

Therefore, in view of the foregoing, the Prospectus of mBank Hipoteczny S.A. is hereby amended as follows:

**Amendment 1: page 1, Prospectus cover page**

*After the paragraph beginning: "Investing in Covered Bonds offered under this Prospectus involves risks typical of such instruments", a new paragraph is added reading as follows:*

Interest amounts payable under variable-rate Covered Bonds are calculated based on the EURIBOR, LIBOR or WIBOR rates, which are provided, respectively, by the European Money Markets Institute ("**EMMI**"), ICE Benchmark Administration Limited ("**ICE**") and GPW Benchmark S.A. ("**GPW Benchmark**"). According to Article 29(2) of the Benchmarks Regulation, the Issuer is required to ensure that the Prospectus includes information stating whether the benchmark for the securities offered under the Prospectus is provided by an administrator included in the register referred to in Article 36 of the Benchmarks Regulation. As at the date of

Supplement 5, EMMI, ICE and GPW Benchmark were not included in the register maintained by the European Securities and Markets Authority in accordance with Article 36 of the Benchmarks Regulation.

**Amendment 2: pages 8–10, Chapter I, Element B.12**

*The following new table is added under the "Selected financial data of the Issuer (PLN '000)" table:*

| | Dec 31 2017 | Dec 31 2016 |
|---|---|---|
| **ASSETS** | | |
| Cash and balances with the central bank | 1,351 | 5,530 |
| Amounts due from other banks | 18,737 | 16,262 |
| Derivative financial instruments | 48,973 | 45,160 |
| Loans and advances to clients | 10,766,911 | 9,411,505 |
| Investment securities available for sale | 1,277,127 | 1,134,049 |
| Intangible assets | 25,527 | 13,357 |
| Tangible fixed assets | 8,295 | 7,603 |
| Deferred income tax assets | 10,572 | 8,644 |
| Other assets, including: | 10,676 | 7,389 |
| - inventories | 3,432 | 3,432 |
| **Total assets** | **12,168,169** | **10,649,499** |

| | Dec 31 2017 | Dec 31 2016 |
|---|---|---|
| **LIABILITIES AND EQUITY** | | |
| Amounts due to other banks | 3,830,026 | 3,316,817 |
| Derivative financial instruments | 548 | 9,635 |
| Amounts due to clients | 4,131 | 36,394 |
| Debt securities in issue | 7,043,125 | 6,152,771 |
| Subordinated liabilities | 200,484 | 200,484 |
| Current income tax liability | 7,682 | 2,791 |
| Other liabilities and provisions | 25,772 | 26,908 |
| **Total liabilities** | **11,111,768** | **9,745,800** |
| | | |
| **Equity** | | |
| Share capital | 734,719 | 614,792 |
| - Registered share capital | 321,000 | 309,000 |
| - Share premium | 413,719 | 305,792 |
| **Retained earnings** | **317,882** | **290,053** |
| - Profit from the previous years | 290,053 | 266,631 |
| - Profit for the current year | 27,829 | 23,422 |
| Other components of equity | 3,800 | -1,146 |
| **Total equity** | **1,056,401** | **903,699** |
| | | |
| **Total equity and liabilities** | **12,168,169** | **10,649,499** |

*Source: Issuer's financial statements*

*The following new table is added under the "Off-balance-sheet items (PLN '000)" table:*

| **Contingent liabilities and commitments granted and received** | **Dec 31 2017** | **Dec 31 2016** |
|---|---|---|
| Financial commitments assumed | 1,571,536 | 1,283,422 |

| | | |
|---|---|---|
| Interest-rate derivatives | 2,776,680 | 1,821,856 |
| Foreign exchange derivatives | 2,369,047 | 1,732,817 |
| Financial commitments received | 1,079,820 | 731,753 |
| **Total off-balance-sheet items** | **7,797,083** | **5,569,848** |

*Source: Issuer's financial statements*

*The following new table is added under the "Selected data of income statement (PLN '000)" table:*

| | **Dec 31 2017** | **Dec 31 2016** |
|---|---|---|
| Interest income | 390,074 | 318,648 |
| Interest expense | -234,065 | -188,507 |
| **Net interest income** | **156,009** | **130,141** |
| Fee and commission income | 1,822 | 6,722 |
| Fee and commission expense | -7,581 | -5,196 |
| **Net fee and commission income** | **-5,759** | **1,526** |
| **Net trading income, including:** | **-3,385** | **1,736** |
| *Foreign exchange, net* | *-3,332* | *4,240* |
| *Other trading income and result on hedge accounting* | *-53* | *-2,504* |
| Net gain/(loss) on investment securities | *73* | *5* |
| Other income | 1,132 | 3,116 |
| Net impairment write-downs on loans and advances | -20,225 | -21,588 |
| Overhead costs | -64,361 | -62,472 |
| Amortisation and depreciation | -3,196 | -3,197 |
| Other expenses | -1,089 | -2,403 |
| **Operating result** | **59,199** | **46,864** |
| Tax on the Bank's assets | -24,426 | -16,685 |
| **Pre-tax profit** | **34,773** | **30,179** |
| Income tax | -6,944 | -6,757 |
| **Net profit** | **27,829** | **23,422** |

*Source: Issuer's financial statements*

*The following is added under the existing text below the "Selected data of income statement (PLN '000)" table:*

Since the date of publication of the Issuer's audited separate financial statements for 2017, there have been no adverse changes affecting the Issuer's future prospects.

From 31st December 2017 to the Supplement 5 Date, there were no major changes in the financial or business standing of the Issuer.

**Amendment 3: pages 10–11, Chapter I, Element B.13**

*The following text is added after the existing text:*

- On 8th December 2017, Fitch Ratings Ltd. confirmed the Bank's long-term rating of BBB with a stable outlook.

**<u>Amendment 4: page 18, Chapter II, Section 1.1.1</u>**

*After the existing text of the paragraph beginning "As at 30th June 2017 no limit resulting from the Covered Bond Act (...)", the following text is added:*

As at 31st December 2017, none of the limits provided for in the Covered Bond Act or the CRR was exceeded. In 2017, the limit on liabilities imposed under Art. 15.2 of the Covered Bond Act was not exceeded.

**<u>Amendment 5: page 21, Chapter II, Section 1.1.3 a)</u>**

*After the existing text of the paragraph beginning "The Issuer monitors all liquidity norms (...)", the following new sentence is added:*

None of the liquidity norms were exceeded either in 2016 or in 2017.

**<u>Amendment 6: page 22, Chapter II, Section 1.1.3 c)</u>**

*After the second sentence of the paragraph beginning "The Issuer manages the interest rate gap by matching dates of assets and liabilities revaluation (...)", the following text is added:*

As at the end of December 2017, Earnings at Risk (EaR) reached a safe level of 4.41%.

**<u>Amendment 7: page 25, Chapter II, Section 1.2.2</u>**

*After the existing text of the second paragraph, beginning "The Bank's own funds as at 30th June 2017 amounted to PLN 1,103,762 thousand (...)," the following new paragraph is added:*

The Bank's own funds as at 31st December 2017 were PLN 1,104,182 thousand (as at 31st December 2016: PLN 954,070 thousand). The limit of exposure towards one entity or group of related entities amounts to 25% of the value of recognised equity of the Bank pursuant to CRR Regulation, therefore it cannot exceed PLN 276,046 thousand in the case of the Issuer.

**<u>Amendment 8: page 30, Chapter II, Section 2.1.6</u>**

*After Section 2.1.5 (Redemption of Covered Bonds prior to the maturity date), a new Section 2.1.6 is added reading as follows:*

2.1.6. Risk from new regulations on benchmarks

On 1st January 2018, the Benchmarks Regulation came into force, introducing a new regime for the provision and use of benchmarks in the European Union. In accordance with the Regulation, benchmarks include any index by reference to which the amount payable under a financial instrument is determined. Under the Regulation, persons who intend to act as benchmark administrators are required to be authorised or registered.

Pursuant to the Regulation, subject to a transitional period, a supervised entity (such as the Issuer) may use in the European Union a benchmark if such benchmark is provided by an administrator located in the European Union and included in the register maintained by the European Securities and Markets Authority in accordance with Article 36 of the Regulation, or if the benchmark has been included in that register. Pursuant to Article 51(1) and Article 51(3) of the Regulation, certain categories of index providers providing benchmarks may benefit from a transitional period until 1st January 2020. Benchmarks provided by such index providers may be used by supervised entities during the entire transitional period, i.e. until 1st January 2020 or until the date on which the above-mentioned index providers obtain or are refused the authorisation or registration as benchmark administrators.

The Benchmarks Regulation may have a significant impact on variable-rate Covered Bonds pegged to the EURIBOR, LIBOR or WIBOR rates, in particular if the methodology for calculating these benchmarks or other rules governing their provision are revised in order to bring the benchmarks in compliance with the Regulation.

Such revisions may result in a decrease or increase in the level of a benchmark used as a reference for variable-rate Covered Bonds.

**Amendment 9: page 38, Chapter V, Section 2**

*Before the paragraph beginning: "The condensed financial statements for the first half of 2017 have been reviewed (...)", the following new sentence is added:*

The Issuer's financial statements for 2017 have been audited. The auditor's report on the audit of these financial statements was not negative, and the auditor's opinion was not qualified.

**Amendment 10: page 40, Chapter VI, Section 1.4**

*After the paragraph beginning: "The Bank's registered office is situated in Warsaw, Poland, at the following address:", a new paragraph is added reading as follows:*

Following a change of the name of the street where the Issuer's registered office is situated, from "Al. Armii Ludowej" to "ul. Lecha Kaczyńskiego", since 10th November 2017 the Bank's registered office has been situated in Warsaw at the following address:

mBank Hipoteczny S.A.
ul. Lecha Kaczyńskiego 26
00-609 Warsaw
Poland

Phone no.: + 48 22 579 75 00/01

**Amendment 11: page 43, Chapter VII, Section 1.2**

*Before the paragraph beginning: "The financial information presented below has been compiled on basis of the reviewed condensed financial statements for the first half of 2017 (...)", the following new sentence is added:*

The financial information presented below has been compiled on the basis of the audited financial statements for the financial year ended 31st December 2017, prepared in accordance with the IFRSs as endorsed by the European Union, containing comparative data for the financial year ended 31st December 2016.

**Amendment 12: pages 43-44, Chapter VII, Section 1.2**

*The following new table is added under Table 1c:*

**Table 1d Selected financial data of the Issuer (PLN '000)**

| | **Dec 31 2017** | **Dec 31 2016** |
|---|---|---|
| **ASSETS** | | |
| Cash and balances with the central bank | 1,351 | 5,530 |
| Amounts due from other banks | 18,737 | 16,262 |
| Derivative financial instruments | 48,973 | 45,160 |
| Loans and advances to clients | 10,766,911 | 9,411,505 |
| Investment securities available for sale | 1,277,127 | 1,134,049 |
| Intangible assets | 25,527 | 13,357 |
| Tangible fixed assets | 8,295 | 7,603 |
| Deferred income tax assets | 10,572 | 8,644 |
| Other assets, including: | 10,676 | 7,389 |
| - inventories | 3,432 | 3,432 |
| **Total assets** | **12,168,169** | **10,649,499** |

*Source: Issuer's financial statements*

**Amendment 13: page 44, Chapter VII, Section 1.2**

*The following new table is added under Table 2c:*

**Table 2d Selected financial data of the Issuer (PLN '000)**

| | Dec 31 2017 | Dec 31 2016 |
|---|---|---|
| **LIABILITIES AND EQUITY** | | |
| Amounts due to other banks | 3,830,026 | 3,316,817 |
| Derivative financial instruments | 548 | 9,635 |
| Amounts due to clients | 4,131 | 36,394 |
| Debt securities in issue | 7,043,125 | 6,152,771 |
| Subordinated liabilities | 200,484 | 200,484 |
| Current income tax liability | 7,682 | 2,791 |
| Other liabilities and provisions | 25,772 | 26,908 |
| **Total liabilities** | **11,111,768** | **9,745,800** |
| | | |
| **Equity** | | |
| Share capital | 734,719 | 614,792 |
| - Registered share capital | 321,000 | 309,000 |
| - Share premium | 413,719 | 305,792 |
| **Retained earnings** | **317,882** | **290,053** |
| - Profit from the previous years | 290,053 | 266,631 |
| - Profit for the current year | 27,829 | 23,422 |
| Other components of equity | 3,800 | -1,146 |
| **Total equity** | **1,056,401** | **903,699** |
| | | |
| **Total equity and liabilities** | **12,168,169** | **10,649,499** |

*Source: Issuer's financial statements*

**Amendment 14: pages 44-45, Chapter VII, Section 1.2**

*Under the existing text below Table 2c, beginning: "The Bank's balance-sheet total (...)," the following new text is added:*

As at the end of 2017, the Bank's balance-sheet total stood at PLN 12,168,169 thousand, up PLN 1,518,670 thousand on the end of 2016. Loans to non-financial sector were the largest item of assets, accounting for 88.48% of total assets.

As at the end of 2017, the Bank's loan portfolio totalled PLN 12,328,436 thousand (on-balance-sheet and off-balance-sheet exposure), 15.42% above the level reported at the end of 2016. As at 31st December 2017, 49.04% of loans granted to non-financial sector (gross) were loans to corporate clients, and 50.87% – loans to retail clients and the public sector.

In 2017, the increase in the total loan portfolio (by PLN 1,647,010 thousand relative to 31st December 2016) was financed with an increase in amounts due to other banks (up PLN 513,209 thousand), and an increase in liabilities under debt securities in issue (up PLN 890,354 thousand).

Debt securities in issue, comprising covered bonds and bonds, were the main item of the Issuer's liabilities, accounting for 57.88% of the balance-sheet total as at 31st December 2017 (57.78% as at the end of 2016), followed by amounts due to other banks, which represented 31.48% of the balance-sheet total as at 31st December 2017 (31st December 2016: 31.15%). Amounts due to clients accounted for 0.03% of the balance-sheet total as at 31st December 2017 (compared with 0.34% as at 31st December 2016).

**Amendment 15: page 45, Chapter VII, Section 1.2**

*The following new table is added under Table 3c:*

**Table 3d Off-balance-sheet items (PLN '000)**

| Contingent liabilities and commitments granted and received | Dec 31 2017 | Dec 31 2016 |
|---|---|---|
| Financial commitments assumed | 1,571,536 | 1,283,422 |
| Interest-rate derivatives | 2,776,680 | 1,821,856 |
| Foreign exchange derivatives | 2,369,047 | 1,732,817 |
| Financial commitments received | 1,079,820 | 731,753 |
| **Total off-balance-sheet items** | **7,797,083** | **5,569,848** |

*Source: Issuer's financial statements*

**Amendment 16: page 45, Chapter VII, Section 1.2**

*The following new table is added under Table 4c:*

**Table 4d Selected data of income statement (PLN '000)**

| | Dec 31 2017 | Dec 31 2016 |
|---|---|---|
| Interest income | 390,074 | 318,648 |
| Interest expense | -234,065 | -188,507 |
| **Net interest income** | **156,009** | **130,141** |
| | | |
| Fee and commission income | 1,822 | 6,722 |
| Fee and commission expense | -7,581 | -5,196 |
| **Net fee and commission income** | **-5,759** | **1,526** |
| | | |
| **Net trading income, including:** | **-3,385** | **1,736** |
| *Foreign exchange, net* | *-3,332* | *4,240* |
| *Other trading income and result on hedge accounting* | *-53* | *-2,504* |
| Net gain/(loss) on investment securities | *73* | 5 |
| Other income | 1,132 | 3,116 |
| Net impairment write-downs on loans and advances | -20,225 | -21,588 |
| Overhead costs | -64,361 | -62,472 |
| Amortisation and depreciation | -3,196 | -3,197 |
| Other expenses | -1,089 | -2,403 |
| **Operating result** | **59,199** | **46,864** |
| Tax on the Bank's assets | -24,426 | **-16,685** |
| | | |
| **Pre-tax profit** | **34,773** | **30,179** |
| Income tax | -6,944 | -6,757 |
| **Net profit** | **27,829** | **23,422** |

*Source: Issuer's financial statements*

**Amendment 17: pages 45-46, Chapter VII, Section 1.2**

*Under the existing text below Table 4c, beginning: "The main item of the Bank's income was interest on banking transactions. (...)", the following is added:*

In 2017, the Issuer posted a pre-tax profit of PLN 34,773 thousand, up PLN 4,594 thousand on 2016.

Similarly as in 2016, in 2017 the Bank's financial performance was strongly affected by low interest rates and strong pressure on margins. Nonetheless, as at 31st December 2017, the Bank saw its core business figures grow compared with a year earlier. Net interest income as at the end of December 2017 rose by PLN 25,868 thousand, up 19.88% relative to 31st December 2016. On the other hand, net fee and commission expense amounted to PLN -5,759 thousand (a significant drop in fee and commission income on lending activities coupled with higher costs of servicing credit products and costs related to the debt securities programme). Furthermore, the Bank' net trading income (foreign exchange, net and other trading income and result on hedge accounting) for 2017 was PLN -3,385 thousand, and was significantly lower than in 2016, when it amounted to PLN 1,736 thousand.

Improved pre-tax profit in 2017 (up by 15.22% compared with 2016) was primarily attributable to considerably higher interest income (up 22.42% compared with net impairment write-downs on loans and advances at the end of 2016). On the other hand, the result on trading activity was almost 3 times lower year on year. In 2017, the Issuer also saw a decrease in its other income, which reached PLN 1,132 thousand, compared with PLN 3,116 thousand in 2016 (down 63.67%). Pre-tax profit in 2017 was high, despite a 3.02% year-on-year increase in overhead costs, and a 46.39% increase in tax on bank assets over 2016. Overhead costs grew by PLN 1,889 thousand, from PLN 62,472 thousand in 2016 to PLN 64,361 thousand in 2017, on account of an increase in IT costs (PLN 6,789 thousand in 2017 vs PLN 5,430 thousand in 2016) and an increase in costs related to the contribution to the Bank Guarantee Fund (PLN 5,152 thousand in 2017 vs PLN 3,572 thousand in 2016, i.e. by 44.23%). The cost-to-income ratio fell to 45.99%, relative to 48.96% at the end of 2016.

The tax on bank assets, levied in accordance with the Act on tax on certain financial institutions of 15th January 2016 also had a material effect on the Bank's pre-tax profit. Its cost charged to the Issuer's profit or loss for 2017 was as much as PLN 24,426 thousand, compared with PLN 16,685 thousand a year earlier. The Issuer's operating profit (before tax) was PLN 59,199 thousand, relative to PLN 46,864 thousand in 2016 (up 26.32%).

Net profit for 2017 reached PLN 27,829 thousand, up PLN 4,407 thousand year on year.

In 2017, as a result of an 18.82% year-on-year increase in net profit, the Bank recorded similar or higher profitability ratios calculated as the ratios of net profit or pre-tax profit to a relevant financial item.

As at 31st December 2017, book value per share rose to PLN 329.10, compared with PLN 292.46 as at 31st December 2016. Earnings per share for 2017 rose to PLN 8.72 from PLN 7.70 in 2016.

**Amendment 18: page 46, Chapter VII, Section 1.2**

*The following new table is added under Table 5c:*

**Table 5d Issuer's performance indicators**

| | Dec 31 2017 | Dec 31 2016 |
|---|---|---|
| Return on assets gross (ROA gross) | 0.30% | 0.31% |
| Return on equity gross (ROE gross) | 3.46% | 3.62% |
| Cost to income ratio (C/I) | 45.99% | 48.96% |
| Net interest margin | 1.36% | 1.37% |
| Cost of risk | 0.20% | 0.26% |
| Total capital ratio | 15.79% | 14.54% |

*Source: Issuer*

**Amendment 19: page 46, Chapter VII, Section 1.2**

*The following new sentence is added under Table 5d:*

*The Issuer's performance indicators (identified as Alternative Performance Measures in accordance with the ESMA Guidelines effective from 3rd July 2016) relating to the Financial Statements for 2017 and the Directors' Report on the Bank's operations in 2017, published on the Issuer's website at www.mhipoteczny.pl/relacje-inwestorskie/raporty-okresowe.*

## Amendment 20: pages 46-48, Chapter VII, Section 1.2

*The following new table is added before the table entitled "Methods (definitions) of calculation of performance indicators and justification for the use of performance indicator":*

| ***Performance indicator*** | ***Definitions*** | ***Calculation methodology*** | ***Justification for the use of the indicator (reasons for the use of specific Alternative Performance Measure)*** |
|---|---|---|---|
| *Return on assets gross (ROA gross)* | *ROA gross = gross profit / average assets* | ***Average assets (as at 31st December 2017) - calculated as the sum of the value of assets as at 31st December 2016, and as at the last day of each month in the period from 31st January 2017 to 31st December 2017 / 13 months***<br>*Average assets (as at 31st December 2016) - calculated as the sum of the value of assets as at 31st December 2015, and as at the last day of each month in the period from 1st January 2016 to 31st December 2016 / 13 months* | *Basic indicator of the bank's effectiveness. Changes in the value of the indicator in time illustrate trends in the capacity of assets to generate income. Commonly used for comparative analysis of the competition. The indicator is also presented in the periodic Directors' Reports.* |
| *Return on equity gross (ROE gross)* | *ROE gross = gross profit / average equity* | ***Average equity (as at 31st December 2017) - calculated as the sum of the value of equity as at 31st December 2016, and as at the last day of each month in the period from 1st January 2017 to 31st December 2017 / 13 months***<br>*Average equity (as at 31st December 2016) - calculated as the sum of the value of equity as at 31st December 2015, and as at the last day of each month in the period from 1st January 2016 to 31st December 2016 / 13 months* | *Basic indicator of the bank's effectiveness. Changes in the value of the indicator in time illustrate the trends in the rate of return on capital invested by the shareholders. Commonly used for comparative analysis of the competition. The indicator is also presented in the periodic Directors' Reports.* |
| *Cost to income ratio (C/I)* | *C/I (Cost to income ratio) = (overhead costs + amortisation and depreciation) / total income* | *Total income = net interest income + net fee and commission income + net trading income + other income - other expenses* | *Basic indicator of the cost effectiveness. Changes in the value of the indicator in time illustrate trends in the amount of costs incurred in relation to income earned, and allow a comparison of different banks in terms of cost effectiveness. The indicator is also presented in the periodic Directors' Reports.* |
| *Net interest margin* | *Net interest margin = net interest income / average interest-earning assets* | ***Average interest-earning assets (as at 31st December 2017) - calculated as the sum of the value of interest-earning assets as at 31st December 2016, and as at the last day of each month in the period from 1st January 2017 to 31st December 2017 / 13 months***<br>*Average interest-earning assets (as at 31st December 2016) - calculated as the sum of the value of interest-earning assets as at 31st December 2015, and as at the last day of each month in the period from 1st January 2016 to 31st December 2016 / 13 months* | *Basic indicator to assess effectiveness of the bank's operations at the net interest income level, which is of key importance due to the mortgage bank business profile. The indicator is also presented in the periodic Directors' Reports.* |
| *Cost of risk* | *Cost of risk = net impairment write-downs on loans and advances / average balance of loans and advances to clients* | ***Average loans and advances to clients (as at 31st December 2017) - calculated as the sum of the value of loans and advances to clients as at 31st December 2016, and as at the end of each month in the period from 1st January 2017 to 31st December 2017 / 13 months***<br>*Average loans and advances to clients (as at 31st December 2016) - calculated as the sum of the value of loans and advances to clients as at 31st December 2015, and as at the end of each month in the period from 1st January 2016 to 31st December 2016 / 13 months* | *Basic indicator illustrating the level of impairment write-downs; given the mortgage bank business profile, it is the second, next to net interest income, key driver of the bank's overall result. The indicator is also presented in the periodic Directors' Reports.* |
| *Total capital ratio* | *Total capital ratio = own funds / total risk exposure amount)* | ***The total risk exposure amount calculated as at 31st December 2017 is the sum of: (i) risk weighted exposures for credit risk, established based on the IRB approach and with the use of supervisory slotting approach to assign specialised lending exposures to risk categories*** | *Basic regulatory indicator. The indicator is also presented in the periodic Directors' Reports.* |

| | | | |
|---|---|---|---|
| | | ***(ii) the operational risk requirement multiplied by 12.5, (iii) risk weighted exposures in relation to counterparty risk with respect to derivatives.*** <br> *The total risk exposure calculated as at 31st December 2016 is the sum of: (i) risk weighted exposures for credit risk, established based on the IRB approach and with the use of supervisory slotting approach to assign specialised lending exposures to risk categories (ii) the operational risk requirement multiplied by 12.5, (iii) risk weighted exposures in relation to counterparty risk with respect to derivatives.* | |

**Amendment 21: page 48, Chapter VII, Section 1.2**

*After the paragraph beginning: "The performance indicators specified by the Issuer which are Alternative Performance Measures provide (...)", before the sentence beginning: "Capital adequacy ratio at 30th June 2017 amounted to (...)", the following new sentence is added:*

As at 31st December 2017, the total capital ratio was 15.79% (compared with 14.54% at the end of 2016).

**Amendment 22: page 48, Chapter VII, Section 1.2**

*Before the paragraph beginning with "In 2016, the average loan repayment period was 10.3 years. (...)", the following is added: "At 30th June 2017 the share of the impaired portfolio in the Bank's total portfolio (...)"the , the following text is added:*

The share of impaired loans in the Bank's total portfolio fell to 2.58% as at 31st December 2017, compared with 3.29% at the end of 2016. Additionally, the share of unimpaired overdue loans rose to 2.91% as at the end of 2017 (loan portfolio quality measured as unimpaired loans to total gross value of loans and advances to clients), compared with 2.24% as at the end of 2016.

*After the paragraph beginning: "At 30th June 2017 the share of the impaired portfolio in the Bank's total portfolio (...)", the following two new paragraphs are added:*

Thanks to the measures taken by the Issuer to manage problem loans and following expansion of the loan portfolio, the share of non-performing loans as at the end December 2017 fell to 2.99% of the Bank's total loan portfolio (compared with 3.72% as at the end of December 2016), with non-performing commercial loans and non-performing retail loans accounting for 6.23% and 0.15%, respectively, of the portfolio. As at the end of December 2016, non-performing commercial loans and non-performing retail loans accounted for 7.18% and 0.08%, respectively, of the Bank's total loan portfolio.

The measures taken by the Issuer help to maintain the cost of risk, a material indicator monitored by the Bank, at a very good level: as at 31st December 2017 the cost of risk was 0.38% for commercial loans and 0.02% for retail loans (compared with 0.49% and 0.04% as at the end of December 2016).

**Amendment 23: page 48, Chapter VII, Section 1.3**

*The following text is inserted at the beginning of the paragraph beginning: "The volume of the loan portfolio (including off-balance-sheet items) at the end of June 2017 (...)":*

As at the end of December 2017, the volume of the loan portfolio (including off-balance-sheet items) increased, by PLN 1,647,010 thousand, relative to the end of 2016. The total on-balance-sheet and off-balance-sheet exposures reached PLN 12,328,436 thousand as at the end of 2017 (commercial loans, housing loans, loans to local government units), and loans advanced in 2017 amounted to PLN3,668,161 thousand.

*The following text is inserted at the beginning of the paragraph beginning: "Commercial loans at the end of June 2017 accounted for 47.73% (...)":*

Commercial loans at the end of 2017 accounted for 49.04% of the Bank's total loan portfolio. In terms of currency, PLN-denominated loans had a dominant share in the total portfolio, followed by EUR-denominated loans. As at the end of 2017, PLN-denominated loans accounted for 68.69% and foreign currency loans for 31.31% of the total loan portfolio (Table 7d).

**Amendment 24: pages 48-49, Chapter VII, Section 1.3**

*The following new table is added under Table 6c:*

**Table 6d Total loan portfolio by product group (PLN '000)***

| **Product** | | **Dec 31 2017** | **Dec 31 2016** | **Change (%) Dec 31 2017/ Dec 31 2016** |
|---|---|---|---|---|
| **Commercial loans** | *On-balance-sheet exposure* | 4,698,808 | 4,710,560 | -0.2% |
| | *Off-balance-sheet exposure* | 1,347,389 | 1,049,123 | 28.4% |
| | ***Total exposure*** | **6,046,197** | **5,759,683** | **5.0%** |
| **Housing loans** | *On-balance-sheet exposure*** | 5,853,706 | 4,371,412 | 34.0% |
| | *Off-balance-sheet exposure* | 214,137 | 220,798 | -3.0% |
| | ***Total exposure*** | **6,069,955** | **4,592,210** | **32.2%** |
| **Loans granted to local government units** | *On-balance-sheet exposure* | 201,386 | 321,826 | -37.4% |
| | *Off-balance-sheet exposure* | 0 | 0 | 0.0% |
| | ***Total exposure*** | **201,386** | **321,826** | **-37.4%** |
| **Total** | *On-balance-sheet exposure**** | 10,766,911 | 9,411,505 | 14.4% |
| | *Off-balance-sheet exposure* | 1,561,525 | 1,269,921 | 23.0% |
| | ***Total exposure*** | **12,328,436** | **10,681,426** | **15.4%** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts. The above data relate to the portfolio value including loan interest, net of impairment write-downs.*

***Housing loans includes other amounts due from non-financial sector, which stood at PLN -2,111.53 thousand as at 31st December 2017 and PLN 4,373.4 thousand as at 31st December 2016.*

****In addition to commercial loans, housing loans and loans granted to local government units, the Bank's loan portfolio includes a security deposit of PLN 7,706.1 thousand as at 31st December 2016 and PLN 13,010.2 thousand as at 31st December 2017.*

**Amendment 25: page 49, Chapter VII, Section 1.3**

*The following new table is added under Table 7c:*

**Table 7d Currency structure of the total loan portfolio by main product groups***

| **Product** | **Dec 31 2017** | | | **Dec 31 2016** | | |
|---|---|---|---|---|---|---|
| | **PLN** | **EUR** | **USD** | **PLN** | **EUR** | **USD** |
| Commercial loans | 36.48% | 62.54% | 0.98% | 35.26% | 63.40% | 1.34% |
| Housing loans** | 99.73% | 0.23% | 0.04% | 99.54% | 0.37% | 0.09% |
| Loans granted to local government units | 100.00% | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| **Total loan portfolio (on-balance-sheet and off-balance-sheet exposure)***** | **68.69%** | **30.81%** | **0.50%** | **64.87%** | **34.37%** | **0.76%** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

***Housing loans includes other amounts due from non-financial sector, which stood at PLN -2,111.53 thousand as at 31st December 2017 and PLN 4,373.4 thousand as at 31st December 2016.*

****Total loan portfolio does not include a security deposit of PLN 13,010.2 thousand as at 31st December 2017 and at PLN 7,706.1 thousand as at 31st December 2016.*

**Amendment 26: pages 49-50, Chapter VII, Section 1.3**

*The following new table is added under Table 8c:*

**Table 8d Sale of loans – value and number of signed loan agreements – by product groups including pooling transactions (Pooling Model) (PLN '000)***

| Product | Jan 1 2017-Dec 31 2017** | | Jan 1 2016-Dec 31 2016*** | |
|---|---|---|---|---|
| | value | number | value | number |
| **Commercial loans** | **1,812,354** | **60** | **1,871,068** | **51** |
| including: | 0 | | | |
| - construction projects | 0 | | 478,801 | 11 |
| - real estate refinancing | 439,415 | 7 | 845,596 | 22 |
| - loans to residential developers | 806,810 | 30 | 546,671 | 18 |
| **Housing loans (retail – Agency Model and Pooling Model)** | **566,129** | **23** | **2,118,950** | **7,179** |
| **Loans granted to local government units** | **1,855,808** | **5,826** | **0** | **0** |
| **Total** | **3,668,161** | **5,886** | **3,990,018** | **7,230** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

***The value of sales in 2017 takes account of annexes under which the principal amounts of loans advanced in previous years were increased by PLN 2 million.*

****The value of sales in 2016 takes account of annexes under which the principal amounts of loans advanced in previous years were increased by PLN 0.*

**Amendment 27: page 51, Chapter VII, Section 1.3.1**

*Before the paragraph beginning with "In 2016, the average loan repayment period was 10.3 years. (...)", the following is added: "The total portfolio of commercial loans at the end of the first half of 2017 (...)", the following new sentence is added:*

The total commercial loan portfolio (on-balance-sheet and off-balance-sheet exposure) as at the end of 2017 increased in comparison with the end of 2016 and reached PLN 6,046,197 thousand.

*Before the paragraph beginning with "In 2016, the average loan repayment period was 10.3 years. (...)", the following is added: "In the first half of 2017 in the area of commercial real estate the Bank financed (...)", the following new sentence is added:*

In 2017, the commercial real estate projects financed by the Bank included chiefly office buildings and retail space projects.

*Before the paragraph beginning with "In 2016, the average loan repayment period was 10.3 years. (...)", the following is added: "In the first half of 2017, the average loan repayment period was 8.5 years. (...)", the following new sentence is added:*

In 2017, the average loan repayment period was 9.4 years. Loans bearing interest at variable rates prevailed in the portfolio. Foreign currency loans had the largest share in the total commercial loan portfolio: 63.52% as at the end of December 2017.

*The following text is inserted at the beginning of the paragraph beginning with "In the corporate loan portfolio (...)":*

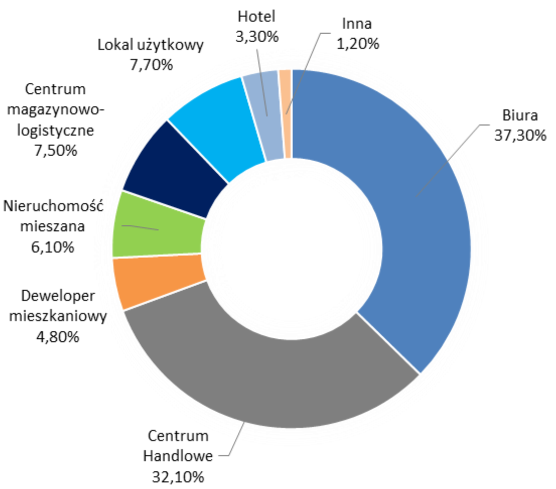
At the end of December 2017, office properties, accounting for 37.30% of the commercial loan portfolio, had the largest share in the portfolio of loans for corporate clients (up by 1.05pp from the end of 2016). Loans granted to finance shopping centre projects accounted for 32.10% of the portfolio as at the end of December 2017 (down by 0.40pp compared with 31st December 2016). As at the end of December 2017, the share of commercial premises fell (7.70% as at 31st December 2017 compared with 7.93% as at 31st December 2016). Warehousing and logistics centres accounted for as much as 7.50% of the commercial loan portfolio in 2017 (up by 2.80pp year on year). In addition, the share of loans financing residential developers fell by 1.30pp (from 6.10% as at the end of December 2016 to 4.80% as at the end of December 2017) and the share of loans financing mixed-use real estate decreased by 1.51pp (from 7.61% in 2016 to 6.10% in 2017).

**Amendment 28: page 52, Chapter VII, Section 1.3.1**

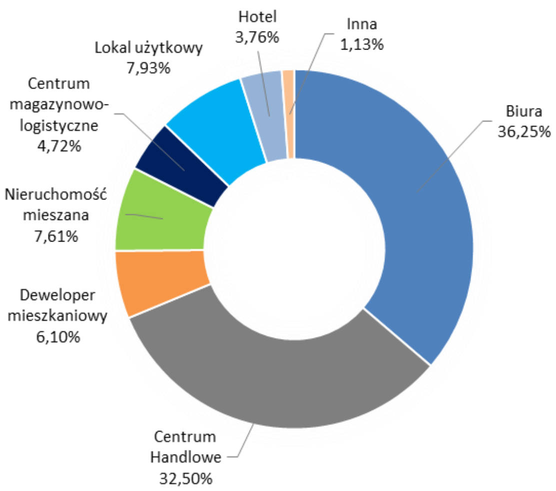
*The following new graph is added under Graph 1c:*

**Graph 1d Loans to corporate clients by type of financed property as at 31st December 2017 and 31st December 2016***

As at 31st December 2017




As at 31st December 2016




*Source: Issuer*

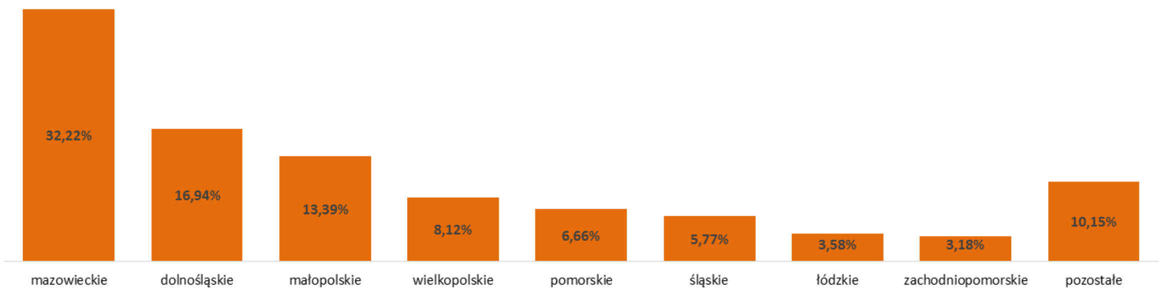
**Unaudited operating and financial data sourced from the Issuer's management accounts.*

| | |
|---|---|
| Hotel | Hotel |
| Inna | Other |
| Biura | Office |
| Lokal użytkowy | Commercial |
| Centrum magazynowo- logistyczne | Warehouse and logistics |
| Nieruchomość mieszana | Mixed-use |
| Deweloper mieszkaniowy | Residential development |
| Centrum handlowy | Retail |

**<u>Amendment 29: page 52, Chapter VII, Section 1.3.1</u>**

*The following new graph is added under Graph 2c:*

**Graph 2d Commercial loans – geographical breakdown** as at 31st December 2017*




*Source: Issuer*

**Unaudited operating and financial data sourced from the Issuer's management accounts.*

**Amendment 30: page 52, Chapter VII, Section 1.3.1**

*Before the sentence: "In line with the concentration limits, as at 30th June 2017 the financing of any single entity or a group of entities with equity or organisational links did not exceed 25% of the Bank's own funds, i.e. PLN 275,940 thousand.", the following text is added:*

In line with the concentration limits, as at 31st December 2017 the financing of any single entity or a group of entities with equity or organisational links did not exceed 25% of the Bank's recognised equity, i.e. PLN 276,046 thousand.

As indicated below, on 19th April 2017, the Bank filed an application with the Court for the opening of remedial proceedings with respect to one commercial client. On 20th July 2017, the Court decided to open the remedial proceedings. The proceedings are pending. In the second half of 2017, on 25th July, the Bank filed a bankruptcy petition against a debtor relating to a commercial receivable of EUR 357.56 thousand and PLN 0.37 thousand. As at the date of this Supplement 5, the Court did not declare the debtor referred to above bankrupt, but appointed a Temporary Court Supervisor.

**Amendment 31: page 53, Chapter VII, Section 1.3.1**

*After the paragraph beginning with "As part of the commercial pooling the Bank buys the receivables (...)", the following text is added:*

In July and September 2017, the Issuer executed three commercial pooling transactions involving transfer of claims under mortgage-backed commercial loans from mBank S.A. to mBank Hipoteczny S.A., totalling EUR 38,721 thousand.

**Amendment 32: page 54, Chapter VII, Section 1.3.2**

*The following text is inserted at the end of the paragraph beginning with "The value of the housing loans portfolio increased by (...)":*

At the end of December 2017, the value of the housing loan portfolio rose by 32.18% compared with the end of December 2016, to PLN 6,069,955 thousand (on-balance-sheet and off-balance-sheet exposure).

*The following new sentence is inserted at the end of the next paragraph beginning with "The Bank continues lending activity in the retail area, (...)":*

In 2017, the Issuer did not carry out any sales as part of pooling transactions (retail loans).

*The following new paragraph is inserted after the paragraph beginning with "The Bank continues lending activity in the retail area, (...)":*

In 2017, mBank S.A. decided to transfer the sale of retail loans from mBank Hipoteczny S.A. to mBank S.A. As of 22nd July 2017, all mortgage loans for individuals will be processed and granted by mBank S.A.

*The following new sentence is inserted after the sentence beginning with: "In the first half of 2017, as in 2016, the main channels for the sale of retail loans (...)":*

In 2017, similarly as in 2016, the main retail loan sales channels included: the mFinanse financial product sales platform (56% of total sales), sales through a brokerage firm (35%), sales through the Financial Services Centre (6%) and sales through partner entities (3%).

**Amendment 33: pages 54-55, Chapter VII, Section 1.3.3**

*In the second paragraph, before the sentence beginning with "Lack of new contracts in the first half of 2017 (...)", the following new sentence is added:*

With no new agreements signed in 2017 and large amounts of early repayments, the on-balance-sheet exposure attributable to these loans fell by 37.4% as at 31st December 2017 relative to 31st December 2016.

*The following new sentence is inserted at the beginning of the paragraph starting with "At the end of June 2017, the total balance-sheet and off-balance-sheet exposure (...)":*

As at the end of December 2017, the total on-balance-sheet and off-balance-sheet exposure to the public sector reached PLN 201,386 thousand and represented 1.63% of the total credit exposure. Loans with an average repayment term of 15.2 years accounted for the majority of the portfolio of loans granted to local government units.

**Amendment 34: page 55, Chapter VII, Section 1.5**

*The following new sentence is inserted after the paragraph starting with: "As at 31st July 2017, the value of all outstanding covered bonds of mBank Hipoteczny (...)":*

As at 31st January 2018, the total value of all outstanding covered bonds issued by mBank Hipoteczny was in excess of PLN 6.4bn which, according to the Bank's estimates, represented 38.7% of all such securities in trading on the Polish market.

In 2017, mBank Hipoteczny placed six series of mortgage covered bonds on the market, with an aggregate nominal value as at 31st December 2017 of approximately PLN 2.73 billion, including two private placements of PLN 700 million. The four issues denominated in the Polish currency amounted to PLN 2.2 billion. The two issues denominated in the euro amounted to EUR 124.9 million.
Notably, the issue with a nominal value of PLN 1 billion placed on the Polish market in October 2017 was not only the Bank's largest issue ever, but also the largest issue in the recent history of Polish mortgage banking.
As part of debt restructuring, in 2017 the Bank repurchased on the secondary market three series of mortgage covered bonds with an aggregate nominal value of PLN 700 million and EUR 70 million, issued in a private placement.

**Amendment 35: pages 55-56, Chapter VII, Section 1.5**

*The following new table is added under Table 9b:*

**Table 9c Mortgage covered bonds issued by mBank Hipoteczny S.A., traded on a regulated market (denominated in PLN) as at 31st January 2018**

| Issue date | Maturity date | Series | Currency | Value ('000) | Rating by Fitch Ratings Ltd. |
|---|---|---|---|---|---|
| Jun 15 2012 | Jun 15 2018 | HPA19 | PLN | 200.000 | A |
| Jun 20 2013 | Jun 20 2019 | HPA21 | PLN | 80.000 | A |
| Jul 28 2014 | Jul 28 2022 | HPA22 | PLN | 300.000 | A |
| Aug 4 2014 | Feb 20 2023 | HPA23 | PLN | 200.000 | A |
| Feb 20 2015 | Apr 28 2022 | HPA24 | PLN | 200.000 | A |
| Apr 15 2015 | Oct 16 2023 | HPA25 | PLN | 250.000 | A |
| Sep 17 2015 | Sep 10 2020 | HPA26 | PLN | 500.000 | A |
| Dec 02 2015 | Sep 20 2021 | HPA27 | PLN | 255.000 | A |
| Mar 9 2016 | Mar 5 2021 | HPA28 | PLN | 300.000 | A |
| Apr 28 2016 | Apr 28 2020 | HPA29 | PLN | 50.000 | A |
| May 11 2016 | Apr 28 2020 | HPA30 | PLN | 100.000 | A |
| Sep 29 2017 | Sep 29 2022 | HPA31 | PLN | 500.000 | A |
| Oct 11 2017 | Nov 15 2023 | HPA32 | PLN | 1.000.000 | A |
| **TOTAL** | | | **PLN** | **3.935.000** | |

*Source: Issuer*

**Amendment 36: page 56, Chapter VII, Section 1.5**

*The following new table is added under Table 10b:*

**Table 10cMortgage covered bonds issued by mBank Hipoteczny S.A., traded on a regulated market (denominated in EUR), as at 31st January 2018**

| Issue date | Maturity date | Series | Currency | Value (‘000) | Rating by Fitch Ratings Ltd. |
|---|---|---|---|---|---|
| Jul 27 2013 | Jul 28 2020 | HPE2 | EUR | 30.000 | A |
| Nov 22 2013 | Oct 22 2018 | HPE3 | EUR | 50.000 | A |
| Feb 17 2014 | Feb 15 2018 | HPE4 | EUR | 7.500 | A |
| Feb 28 2014 | Feb 28 2029 | HPE5 | EUR | 8.000 | A |
| Mar 17 2014 | Mar 15 2029 | HPE6 | EUR | 15.000 | A |
| May 30 2014 | May 30 2029 | HPE7 | EUR | 20.000 | A |
| Oct 22 2014 | Oct 22 2018 | HPE8 | EUR | 20.000 | A |
| Nov 28 2014 | Oct 15 2019 | HPE9 | EUR | 50.000 | A |
| Feb 25 2015 | Feb 25 2022 | HPE10 | EUR | 20.000 | A |
| Apr 24 2015 | Apr 24 2025 | HPE11 | EUR | 11.000 | A |
| Jun 24 2015 | Jun 24 2020 | HPE12 | EUR | 50.000 | A |
| Mar 23 2016 | Jun 21 2021 | HPE13 | EUR | 50.000 | A |
| Sep 28 2016 | Sep 20 2026 | HPE14 | EUR | 13.000 | A |
| Oct 26 2016 | Sep 20 2026 | HPE15 | EUR | 35.000 | A |
| Feb 01 2017 | Feb 01 2024 | HPE16 | EUR | 24.900 | A |
| Oct 30 2017 | Jun 22 2022 | HPE17 | EUR | 100.000 | A |
| **TOTAL** | | | **EUR** | **504.400** | |

*Source: Issuer*

**<u>Amendment 37: page 56, Chapter VII, Section 1.5</u>**

*The following new table is added under Table 11:*

**Table 11a Mortgage covered bonds issued by mBank Hipoteczny S.A. in a private placement (PLN ‘000) as at 31st January 2018**

| Issue date | Maturity date | Currency | Value (‘000) |
|---|---|---|---|
| Sep 22 2017 | Dec 16 2019 | PLN | 400.000 |

*Source: Issuer*

**<u>Amendment 38: page 57, Chapter VII, Section 1.5</u>**

*After the paragraphs under Table 11a, under the heading “General description of receivables from loans underlying issue of the mortgage covered bonds as at 30th June 2017 (PLN ‘000)”, the following new heading and new text describing the receivables portfolio as at 31st December 2017 is inserted:*

*General description of receivables from loans underlying the issue of mortgage covered bonds as at 31st December 2017 (PLN ‘000)*

As at 31st December 2017, mortgage covered bonds were secured with receivables of PLN 8,591.7 million, arising under a total of 18,495 loans. The register of collateral of the Issuer’s public sector covered bonds as at 31st December 2017 did not include any exposures (the value of loans granted was PLN 0). As a consequence, the latest available data on granted loans which are pledged as collateral for public sector mortgage bonds, previously presented by the Issuer, are now included in Supplement 3 to the Prospectus of mBank Hipoteczny SA (data as at 31st December 2016).

Apart from the debt claims, the collateral register for the mortgage covered bonds included additional security in the form of government bonds with a nominal value of PLN 180,314 thousand.

As at 31st December 2017, overcollateralisation of the mortgage covered bonds was 35.09%.

**Amendment 39: page 57, Chapter VII, Section 1.5**

*The following new table is added under Table 12c:*

**Table 12d The currency structure and amount ranges of portfolio receivables provided as financial collateral of the mortgage covered bonds* as at 31st December 2017**

| Value range (PLN '000) | Percentage by reference to portfolio (PLN '000) | Value of loans granted in EUR expressed in thousands of PLN | Value of loans granted in USD expressed in thousands of PLN | Total |
|---|---|---|---|---|
| <= 250 | 1,547,289 | 4,110 | 1,312 | 1,522,711 |
| 250.1 - 500 | 2,188,562 | 7,388 | 443 | 2,196,394 |
| 500.1 - 1,000 | 850,695 | 15,150 | 1,199 | 867,043 |
| 1,000.1 - 5,000 | 246,713 | 144,134 | 10,835 | 401,681 |
| 5000.1 – 10,000 | 159,957 | 164,904 | 11,128 | 335,990 |
| 10,000.1 – 15,000 | 169,364 | 207,798 | 24,711 | 401,874 |
| 15,000.1 – 20,000 | 106,610 | 320,959 | 0 | 427,569 |
| 20,000.1 – 30,000 | 161,828 | 326,282 | 0 | 488,111 |
| 30,000.1 – 40,000 | 104,192 | 504,371 | 0 | 608,562 |
| 40,000.1 – 50,000 | 44,268 | 219,177 | 0 | 263,445 |
| >50 000.1 | 54,181 | 994,183 | 0 | 1,048,364 |
| **Total** | **5,633,660** | **2,908,456** | **49,628** | **8,591,745** |
| **Percentage by reference to loan portfolio** | **65.57%** | **33.85%** | **0.58%** | |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

**Amendment 40: pages 57-58, Chapter VII, Section 1.5**

*The following new table is added under Table 13c:*

**Table 13d The portfolio of receivables provided as financial collateral of the mortgage covered bonds by borrower type* as at 31st December 2017**

| Borrower | Value (PLN '000) | Percentage by reference to portfolio |
|---|---|---|
| **Legal person / natural persons conducting economic activity** | 3,871,083 | 45.06% |
| **Natural persons** | 4,720,662 | 54.94% |
| **Total** | **8,591,745** | **100.00%** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

**Amendment 41: page 58, Chapter VII, Section 1.5**

*The following new table is added under Table 14c:*

**Table 14d The structure of portfolio of receivables provided as financial collateral of the mortgage covered bonds according to the intended use* as at 31st December 2017**

| Intended use | Value (PLN '000) | Percentage by reference to portfolio |
|---|---|---|
| Commercial real estate | 3,853,867 | 44.86% |
| Residential real estate | 4,737,878 | 55.14% |
| **Total** | **8,591,745** | **100.00%** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

**Amendment 42: page 58, Chapter VII, Section 1.5**

*The following new table is added under Table 15c:*

**Table 15d The portfolio of receivables provided as financial collateral of the mortgage covered bonds by interest rate type* as at 31st December 2017**

| Interest rate type | Value (PLN '000) | Percentage by reference to portfolio |
|---|---|---|
| Variable interest rate | 8,591,745 | 100.00% |
| Fixed interest rate | 0 | 0.00% |
| **Total** | **8,591,745** | **100.00%** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

**Amendment 43: page 58, Chapter VII, Section 1.5**

*The following new table is added under Table 16c:*

**Table 16d The portfolio of receivables provided as financial collateral of the mortgage covered bonds by maturity date* as at 31st December 2017**

| Time range (in years) | Value (PLN '000) | Percentage by reference to portfolio |
|---|---|---|
| 0–2 years | 95,502 | 1.11% |
| 2–3 years | 82,510 | 0.96% |
| 3–4 years | 215,431 | 2.51% |
| 4–5 years | 317,355 | 3.69% |
| 5–10 years | 1,454,316 | 16.93% |
| > 10 years | 6,426,630 | 74.80% |
| **TOTAL** | **8,591,745** | **100.00%** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

**Amendment 44: pages 58-59, Chapter VII, Section 1.5**

*The following new table is added under Table 17c:*

**Table 17d The portfolio of receivables provided as financial collateral of the mortgage covered bonds by geographic location* as at 31st December 2017**

| Voivodeship | Value (PLN '000) | Percentage |
|---|---|---|
| Lower Silesia (Dolnośląskie) | 1,174,137 | 13.67% |

| | | |
|---|---|---|
| Kujawy-Pomerania (Kujawsko - Pomorskie) | 135,249 | 1.57% |
| Lublin (Lubelskie) | 166,887 | 1.94% |
| Lubuskie (Lubuskie) | 55,194 | 0.64% |
| Łódź (Łódzkie) | 312,749 | 3.64% |
| Małopolskie (Małopolskie) | 888,739 | 10.34% |
| Mazovia (Mazowieckie) | 3,159,569 | 36.77% |
| Opole (Opolskie) | 105,867 | 1.23% |
| Podkarpacie (Podkarpackie) | 198,509 | 2.31% |
| Podlasie (Podlaskie) | 77,526 | 0.90% |
| Pomerania (Pomorskie) | 645,023 | 7.51% |
| Silesia (Śląskie) | 511,131 | 5.95% |
| Świętokrzyskie (Świętokrzyskie) | 83,795 | 0.98% |
| Warmia-Masuria (Warmińsko – Mazurskie) | 86,478 | 1.01% |
| Wielkopolskie (Wielkopolska) | 703,283 | 8.19% |
| West Pomerania (Zachodniopomorskie) | 287,607 | 3.35% |
| **TOTAL** | **8,591,745** | **100.00%** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

**Amendment 45: page 59, Chapter VII, Section 1.5**

*The following new table is added under Table 18c:*

**Table 18d The portfolio of receivables provided as financial collateral of the mortgage covered bonds by advancement of investment execution* as at 31st December 2017**

| | Value (PLN '000) | Percentage by reference to portfolio |
|---|---|---|
| Building projects still in process | 755,298 | 8.79% |
| Completed properties | 7,836,447 | 91.21% |
| **Total** | **8,591,745** | **100.00%** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

**Amendment 46: page 72, Chapter IX, Section 1**

*The following text is added after the existing text:*

The Issuer declares that there has been no material adverse change in the Issuer's development prospects since the publication of its most recent audited financial statements (for 2017). The financial data for the period from 1st January 2018 to 31st January 2018 has not been reviewed or audited.

**Amendment 47: pages 72-75, Chapter IX, Section 2.1**

*After the existing heading of Section 2.1 "General description of the Issuer's financial position in the period from 1st January 2017 to 31st January 2017" and the text that follows, the following new section heading and text describing the Issuer's financial position in the period from 1st January 2018 to 31st January 2018 are added:*

### 2.1c General description of the Issuer's financial position in the period from 1st January 2018 to 31st January 2018

Below is a general description of the financial situation of the Issuer in the period from the end of the last financial period for which audited financial information has been published, i.e. from 1st January 2018 to 31st January 2018.

As at the end of January 2018, the volume of the loan portfolio (including off-balance-sheet items) decreased, by PLN 97,926 thousand (down 0.79%) relative to the end of 2017. The total on-balance-sheet and off-balance-sheet exposure reached PLN 12,230,510 thousand as at the end of January 2018 (commercial loans, housing loans, loans to local government units), with loans advanced before 31st January 2018 amounting to PLN 56,685 thousand (Table 25c).

As at the end of January 2018, the total commercial loan portfolio contracted by 0.82% on the end of December 2017, totalling PLN 5,996,803 thousand as at the end of January 2018. As at the end of January 2018, loans for the financing of commercial real estate accounted for 51.68% of the Bank's entire loan portfolio.

The total housing loan portfolio fell to PLN 6,021,493 thousand as at the end of January 2018, by 0.80% on the end of December 2017. Housing loans accounted for 49.23% of the Bank's total loan portfolio as at 31st January 2018.

The total portfolio of loans to local government units as at the end of January 2018 was PLN 200,160 thousand, having shrunk 0.61% from the level reported at the end of December 2017. Loans to local government units accounted for 1.64% of the Issuer's total loan portfolio as at 31st January 2018.

The general trend in the currency structure of the total loan portfolio is a high share of loans denominated in PLN, which accounted for 67.24% of total loans as at the end of January 2018. On the other hand, foreign currency loans accounted for 32.76% of the total loan portfolio, and included mainly loans in EUR (32.22% of the portfolio) (Table 26c).

The average LTV ratio in the case of commercial loans advanced in January 2018 was 80.37%. In the corresponding period of the previous year, the LTV ratio was 76.04% (Table 27c).

The ratio of mortgage lending value to market value for commercial loans advanced in January 2018 was 93.50% (January 2017: 73.92%) (Table 27c).

The value of loan agreements signed in January 2018 was PLN 56,685 thousand, of which PLN 56,685 thousand represented three commercial loans related to residential projects and refinancing of real property. In July 2017, the retail portfolio sales were transferred from the Bank to mBank (Table 27c).

**Amendment 48: page 73, Chapter IX, Section 2.1**

*The following new table is added under Table 25b:*

**Table 25c The Bank's total loan portfolio by product groups (PLN '000)***

| **Product** | | **Jan 31 2018***** | **Dec 31 2017** | **Change (%) Dec 31 2018/ Dec 31 2017** |
|---|---|---|---|---|
| **Commercial loans** | *On-balance-sheet exposure* | 4,725,062 | 4,698,808 | 0.56% |
| | *Off-balance-sheet exposure* | 1,278,486 | 1,347,389 | -5.11% |
| | ***Total exposure*** | **6,003,548** | **6,046,197** | **-0.71%** |
| **Housing loans** | *On-balance-sheet exposure* | 5,842,323 | 5,853,706 | -0.23% |
| | *Off-balance-sheet exposure* | 181,427 | 214,137 | -15.28% |
| | ***Total exposure*** | **6,023,750** | **6,069,955** | **-0.76%** |
| **Loans granted to local government units** | *On-balance-sheet exposure* | 200,160 | 201,386 | -0.61% |
| | *Off-balance-sheet exposure* | 0 | 0 | 0.00% |
| | ***Total exposure*** | **200,160** | **201,386** | **-0.61%** |
| **Total** | *On-balance-sheet exposure*** | 10,779,600 | 10,766,911 | 0.01% |
| | *Off-balance-sheet exposure* | 1,459,913 | 1,561,525 | -6.51% |
| | ***Total exposure*** | **12,239,513** | **12,328,436** | **-0.82%** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts. The above data relate to the portfolio value including loan interest, net of impairment losses.*

***In addition to commercial loans, housing loans and loans granted to local government units, the Bank's loan portfolio includes a security deposit of PLN 12,054.86 thousand as at 31st January 2018.*

***In addition to commercial loans, housing loans and loans granted to local government units, the Bank's loan portfolio includes a security deposit of PLN 9,718.3 thousand as at 31st December 2017.*

**** In accordance with IFRS 9.*

**Amendment 49: pages 73-74, Chapter IX, Section 2.1**

*The following new table is added under Table 26b:*

**Table 26c Currency structure of the total loan portfolio by main product groups***

| Product | Dec 31 2018 | | | Dec 31 2017 | | |
|---|---|---|---|---|---|---|
| | **PLN** | **EUR** | **USD** | **PLN** | **EUR** | **USD** |
| Commercial loans | 25.69% | 73.12% | 1.18% | 35.59% | 63.09% | 1.31% |
| Housing loans | 99.73% | 0.23% | 0.04% | 99.56% | 0.35% | 0.09% |
| Loans granted to local government units | 100.00% | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| **Total loan portfolio (on-balance-sheet and off-balance-sheet exposure)** | **67.24%** | **32.22%** | **0.54%** | **65.78%** | **33.49%** | **0.73%** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

**Amendment 50: page 73, Chapter IX, Section 2.1**

*The following new table is added under Table 27b:*

**Table 27c Sale of loans – value and number of signed loan agreements – by product groups including pooling transactions (Pooling Model) (PLN '000)***

| Product | Jan 1 2018-Jan 31 2018 | | Jan 1 2017-Jan 31 2017 | |
|---|---|---|---|---|
| | **value**** | **number** | **value**** | **number** |
| **Commercial loans** | **56,685** | **3** | **41,218** | **2** |
| including: | | | | |
| - construction projects | 0 | 0 | 0 | 0 |
| - real estate refinancing | 17,556 | 1 | 0 | 0 |
| - land purchase | 0 | 0 | 0 | 0 |
| - loans to residential developers | 39,129 | 2 | 41,218 | 2 |
| **Housing loans***** | **0** | **0** | **153,583** | **485** |
| **Total** | **56,685** | **3** | **194,801** | **487** |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

***The value of agreements corresponds to the loan amounts as per agreement, translated at historical exchange rates.*

****In July 2017, the retail portfolio sales were transferred from mBank Hipoteczny to mBank S.A.*

**Amendment 51: page 74, Chapter IX, Section 2.1**

*The following new table is added under Table 28b:*

**Table 28c Issuer's performance indicators***

| | Jan 31 2018** | Jan 31 2017** |
|---|---|---|
| Return on assets gross (ROA gross) | 0.13% | 0.00% |
| Return on equity gross (ROE gross) | 1.51% | 0.04% |
| Cost to income ratio (C/I) | 74.35% | 99.36% |
| Net interest margin | 1.34% | 1.31% |
| Cost of risk | -0.04% | -0.22% |
| Total capital ratio | 15.72% | 14.46% |

*Source: Issuer*

**Unaudited and unreviewed operating and financial data sourced from the Issuer's management accounts.*

***Following a one-off recognition of the prudential fee paid to the Bank Guarantee Fund in January 2017, the Issuer recorded a net loss as at 31st January 2017, therefore the presented financial ratios for the last two months (as at 31st December 2016 and 31st January 2017) are not comparable with the ratios for the corresponding period of the previous year.*

## Amendment 52: pages 74-75, Chapter IX, Section 2.1

*The following new table is added before the table entitled "Methods (definitions) of calculation of performance indicators and justification for the use of performance indicator" (update of the "Calculation methodology" column):*

| *Performance indicator* | *Definitions* | *Calculation methodology* | *Justification for the use of the indicator (reasons for the use of specific Alternative Performance Measure)* |
|---|---|---|---|
| *Return on assets gross (ROA gross)* | *ROA gross = gross profit / average assets* | *Average assets (as at 31 Jan 2018) - calculated as the sum of the value of assets as at 31 Dec 2017 and 31 Jan 2018 / 2 months*<br>*Average assets (as at 31 Jan 2017) - calculated as the sum of the value of assets as at 31 Dec 2016 and 31 Jan 2017 / 2 months* | *Basic indicator of the bank's effectiveness. Changes in the value of the indicator in time illustrate trends in the capacity of assets to generate income. Commonly used for comparative analysis of the competition. The indicator is also presented in the periodic Directors' Reports.* |
| *Return on equity gross (ROE gross)* | *ROE gross = gross profit / average equity* | *Average equity (as at 31 Jan 2018) - calculated as the sum of the value of equity as at 31 Dec 2017 and 31 Jan 2018 / 2 months*<br>*Average equity (as at 31 Jan 2017) - calculated as the sum of the value of equity as at 31 Dec 2016 and 31 Jan 2017 / 2 months* | *Basic indicator of the bank's effectiveness. Changes in the value of the indicator in time illustrate the trends in the rate of return on capital invested by the shareholders. Commonly used for comparative analysis of the competition. The indicator is also presented in the periodic Directors' Reports.* |
| *Cost to income ratio (C/I)* | *C/I (Cost to income ratio) = (overhead costs + amortisation and depreciation) / total income* | *Total income = net interest income + net fee and commission income + net trading income + other income - other expenses* | *Basic indicator of the cost effectiveness. Changes in the value of the indicator in time illustrate trends in the amount of costs incurred in relation to income earned, and allow a comparison of different banks in terms of cost effectiveness. The indicator is also presented in the periodic Directors' Reports.* |

| | | | |
|---|---|---|---|
| *Net interest margin* | *Net interest margin = net interest income / average interest-earning assets* | *Average interest-earning assets (as at 31 Jan 2018) - calculated as the sum of the value of interest-earning assets as at 31 Dec 2017 and 31 Jan 2018 / 2 months*<br>*Average interest-earning assets (as at 31 Jan 2017) - calculated as the sum of the value of interest-earning assets as at 31 Dec 2016 and 31 Jan 2017 / 2 months* | *Basic indicator to assess effectiveness of the bank's operations at the net interest income level, which is of key importance due to the mortgage bank business profile. The indicator is also presented in the periodic Directors' Reports.* |
| *Cost of risk* | *Cost of risk = net impairment write-downs on loans and advances / average balance of loans and advances to clients* | *Average loans and advances to clients (as at 31 Jan 2018) - calculated as the sum of the value of loans and advances granted to clients in the period from 01 Dec 2017 to 31 Jan 2018 / 2 months*<br>*Average loans and advances to clients (as at 31 Jan 2017) - calculated as the sum of the value of loans and advances granted to clients in the period from 01 Dec 2016 to 31 Jan 2017 / 2 months* | *Basic indicator illustrating the level of impairment write-downs; given the mortgage bank business profile, it is the second, next to net interest income, key driver of the bank's overall result. The indicator is also presented in the periodic Directors' Reports.* |
| *Total capital ratio* | *Total capital ratio = own funds / total risk exposure amount)* | *The total risk exposure calculated as at 31st January 2018 is the sum of: (i) risk weighted exposures for credit risk, established based on the IRB approach and with the use of supervisory slotting approach to assign specialised lending exposures to risk categories (ii) the operational risk requirement multiplied by 12.5, (iii) risk weighted exposures in relation to counterparty risk with respect to derivatives.*<br>*The total risk exposure calculated as at 31st January is the sum of: (i) risk weighted exposures for credit risk, established based on the IRB approach and with the use of supervisory slotting approach to assign specialised lending exposures to risk categories (ii) the operational risk requirement multiplied by 12.5, (iii) risk weighted exposures in relation to counterparty risk with respect to derivatives.* | *Basic regulatory indicator. The indicator is also presented in the periodic Directors' Reports.* |

**Amendment 53: pages 75-76, Chapter IX, Section 2.2**

*After the heading beginning with "The following significant changes in the Issuer's financial position took place after the end of the first half of 2017:" and subsequent paragraphs, the following text is added:*

No significant changes in the Issuer's financial position took place after the end of 2017.

**Amendment 54: page 77, Chapter IX, Section 3.1.1**

*The following is added before the existing text:*

- The economic growth rate and prospects affect and will continue to affect the Polish property market, and consequently also the mortgage loan market. Therefore, these factors have a significant bearing on the Issuer's situation. According to the Central Statistical Office's preliminary estimates, in 2017 Poland's GDP grew by 4.6% year on year, compared with a 2.9% growth recorded in 2016. According to the most recent forecasts published by the National Bank of Poland on 13th November 2017, Poland's GDP is expected to decelerate to 3.6% and 3.3% in 2018 and 2019, respectively. Maintaining economic growth at such rates may have a positive effect on the construction industry, and consequently on the commercial and residential property segment, boosting employment and wages, which ultimately may stimulate the demand for mortgage loans provided by the Issuer (both commercial and residential).

- According to the Central Statistical Office, situation on the labour market has been gradually improving in recent years, which may have been led by stronger economic growth and macroeconomic upturn. As a result, the unemployment rate in Poland at the end of 2017 was 6.6%, 1.6pp down on the end of 2016.[1]According to the draft budget for 2018 prepared by the Polish government, the unemployment rate is expected to reach approximately 6.4% at the end of 2018. Lower unemployment may have a positive effect on demand for residential properties, and thus spur interest in mortgage loans.

- The inflation rate in 2017 vs the 2016 figure was 2.0%.[2] According to the latest NBP projections of November 2017, the average inflation rate will be 2.3% in 2018 and 2.7% in 2019.

- The Monetary Policy Council has maintained interest rates unchanged since March 2015, the time of the most recent interest rates cut, which has translated into lower interest rates on loans granted by the Issuer. As at 30th November 2017, the NBP interest rates remained unchanged, with the reference rate of 1.50%, which has a positive effect on sales of mortgages and timely repayment of loans by borrowers.

- Exchange rates are another factor of key importance for the development of the Bank's loan portfolio. This is connected with foreign exchange gains/losses, which – in the case of loans advanced in foreign currencies – result from exchange rate fluctuations and thus might increase borrowers' debt. A large portion (63.52% as at 31st December 2017) of the commercial loans granted by the Issuer are advanced in foreign currencies, which might adversely affect the borrowers' ability to repay the loans should a currency crisis occur. The high share of foreign currency loans is attributable to their interest rates, which are lower than in the case of PLN-denominated loans, as well as the fact that rents in commercial developments are established in foreign currencies.

- As at the end of 2017, the base interest rate in the eurozone remained unchanged, at 0.00%[3]. In the US, the interest rate has stood at 0.75% since 14th December 2016. In 2017, the FED raised the interest rate three times, to 1.0%, 1.25%, and 1.5% on, respectively, 16th March, 14th June, and 13th December.[4]

**Amendment 55: page 78, Chapter IX, Section 3.1.2**

*After the sentence:* "*On 20th July 2017, the Sejm passed the Act on National Property Resources, which on 27th July was adopted by the Senate.", the following sentence is added:*

The Act on National Property Resources came into force on 11th September 2017 (save for certain provisions that came into force on 12th August 2017).

**Amendment 56: pages 78-79, Chapter IX, Section 3.1.2**

*The following is added before the existing text:*

- 2017 was a record-breaking year in terms of the number of dwellings sold on the residential market. In 2017, the number of dwellings sold in the six largest Polish cities was 72.7 thousand (an increase of 17.3% on 2016). The increase in demand exceeded the supply. The number of dwellings marketed in 2017 was 67.3 thousand, 3.5% more compared with the previous year, which was a consequence of investment decisions made by developers in earlier periods[5]. At the end of 2017, the number of dwellings offered was 48.2 thousand (down 8.5% on the end of 2016).

- According to the Central Statistical Office of Poland, in 2017 the number of dwelling completions was 178.3 thousand (up 9.1% year on year), of which private individuals completed 82.7 thousand dwellings (up

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[1] Central Statistical Office of Poland, http://stat.gov.pl/obszary-tematyczne/rynek-pracy/bezrobocie-rejestrowane/liczba-bezrobotnych-i-stopa-bezrobocia-wyrownane-sezonowo-2011-2017,5,1.html
[2] Central Statistical Office of Poland, Consumer Price Index, as announced on 15th January 2018.
[3] The European Central Bank, https://www.ecb.europa.eu/stats/monetary/rates/html/index.en.html
[4] FED, http://www.global-rates.com/interest-rates/central-banks/central-bank-america/fed-interest-rate.aspx
[5]REAS, Residential Market in Poland, Q4 2017.

5.9% year on year), and property developers – 89.8 thousand dwellings (13.5% more year on year). Following a strong interest among residential developers in land acquisitions, the number of building permits obtained and housing starts increased. In 2017, there were a total of 250.2 thousand building permits issued and notifications registered (an increase of 18.3% year on year), of which 128.5 thousand permits were issued to developers (+20.5% year on year) and 114.9 thousand permits were issued to individuals (+16.6% year on year). Also the number of housing starts rose (to nearly 206 thousand, i.e. 18.4% more than in 2016)[6].

- The value of all investment transactions on the commercial property market in 2017 reached a record-high of EUR 5.1 billion (the investment activity increased by 10% on the 2016 figure, i.e. EUR 4.6 billion). In total, 75 transactions were executed and 150 properties were sold, including mainly office and retail space[7]. In 2017, 75% of the transactions were carried out in large cities (regional centres).

- At the end of 2017, the total supply of office space in nine major office markets in Poland reached 9.7 million square metres. In 2017, newly completed office space was 736.4 thousand square metres. Demand for office space remained high – the aggregate space leased in that period was almost 1.5 million square metres. The average vacancy rate was 10.8% (down from 12.7% on the previous year), with stable rent rates. The amount of modern office space under construction is growing dynamically and now has reached over 1,850 million square metres (as at the end of 2017), including 787 thousand square metres in Warsaw, Poland's largest market.[8] New office space built in Warsaw in 2017 was 736.4 thousand square metres. The total stock of office space in Warsaw at the end of 2017 was almost 5.3 million square metres. Gross demand during the period was 820.1 thousand square metres (+9% year on year). The vacancy rate in Warsaw was down to 11.7% (-2.5pp on the end of 2016). Investors' interest not only in the capital city, but also in regional markets, emerged as a visible trend, with vacancy rates continuously falling and developers maintaining the high level of activity. Kraków and Wrocław stand out in terms of the number of ongoing projects – with the amount of office space under construction at the end of 2017 totalling 543.8 thousand square metres.[9]

- Poland's retail space market is becoming a mature market. According to Colliers data, the total retail space completed in 2017 was almost 360 thousand square metres, and the stock of modern retail space totalled ca. 11.5 million square metres. At the end of 2017, approximately 580 thousand square metres of retail space was under construction. The average vacancy rate for the 18 largest Polish cities was about 4.0% at the end of 2017.

- Forecasts for the warehouse space market are optimistic given the strong attractiveness of this market segment to foreign investors. In 2017, the level of developer activity was very high (an 83% increase year on year). Both demand and supply remain strong. Total supply of warehouse space delivered to the market in 2017 was 2.3 million square metres (an increase on 2016, when the figure was 1.26 million square metres), and the total stock of storage space exceeded 13.5 million square metres. The largest amount of new warehouse space was completed in Warsaw (460 thousand square metres ) and in Upper Silesia (a total of 407.7 thousand square metres). In 2017, the demand for warehouse space was record high, of almost 4.6 million square metres, up by more than 1.2 million square metres relative to 2016. At the end of 2017, over 1.3 million square metres of modern warehouse space was under construction. Vacancy rates were at 5.4%, unchanged on the end of 2016. Rents in main markets remained stable, with the highest rents in Warsaw (Zone I) and Kraków. Forecasts for the storage market in 2018 remain favourable given the economic growth, further infrastructure investments, and development of the e-commerce and manufacturing industries.[10]

**Amendment 57: page 80, Chapter IX, Section 3.1.3**

[6] Central Statistical Office of Poland, Residential Construction in January-December 2017.
[7] Colliers International, Market Insights, Poland, Annual Report 2018 – Investment Market
[8] Colliers International, Market Insights, Poland, Annual Report 2018 – Office Space Market
[9] Colliers International, Market Insights, Poland, Annual Report 2018 – Retail Space Market
[10] Colliers International, Market Insights, Poland, Annual Report 2018 – Warehouse Space Market

*Before the paragraph beginning with: "The value of all covered bonds in trading at the end of the first half of 2017 (...)", the following text is added:*

- As at the end of 2017, the total value of all covered bonds in trading was PLN 16.53 billion, of which covered bonds worth PLN 6.44 billion were issued by the Bank (a market share of 38.7%). The remainder were covered bonds issued by PKO Bank Hipoteczny (PLN 8.88 billion, a market share of 54.11%) and Pekao Bank Hipoteczny (PLN 1.21 billion, a market share of 7.19%). Maturities of most of the covered bonds currently in trading range from five to seven years.

**Amendment 58: pages 80-81, Chapter IX, Section 3.1.4**

*The following text is added after the last paragraph:*

- On 8th December 2017, Fitch Ratings Ltd. confirmed the Bank's long-term rating of BBB with a stable outlook.

**Amendment 59: pages 82-83, Chapter IX, Section 3.2**

*The following text is inserted at the end of the paragraph beginning: "Work is under way on the implementation of an internal rating-based approach (IRB), a long-term project with a high-priority status (...)":*

- Work, initiated by filing in the second half of 2016 a Prevalidation Application, is being continued at the Bank to obtain the supervisor's approval for applying the A-IRB method to the retail portfolio acquired in partnership with mBank S.A., based on models adapted from mBank S.A. In the fourth quarter of 2017, the Bank received the official position of the Polish (PFSA) and European (ECB) supervision authorities based on the findings of the inspection carried out in the fourth quarter of 2016, as well as the Bank's reply to the preliminary results of the assessment, addressed by the PFSA in early 2017. Most of the recommendations identified during the inspection were addressed by the Bank in 2017, and the mBank Group intends to meet all of the supervisor's expectations in 2018, which will be marked by submitting a final application for approval of the use of statistical methods to calculate capital adequacy requirements with respect to the retail exposures acquired in partnership with mBank S.A.

*The following paragraphs are added after the existing text of Section 3.2:*

- Commencement of work designed to adapt the Bank's systems and procedures to the requirements of future regulations implementing into Polish law Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (AMLD 4).

**Amendment 60: page 85, Chapter IX, Section 5**

*The following new sentence is added before the existing text:*

From 31st December 2017 to the date of approval of this Supplement 5, no significant changes occurred in the financial and economic standing of the Issuer other than those described in Section 2.2 of this Chapter.

**Amendment 61: page 91, Chapter XII, Section 1**

*A new paragraph is added at the end:*

The Issuer's financial statements for 2017 have been audited by auditor Agnieszka Accordi (Reg. No. 11665), representing PricewaterhouseCoopers Sp z o.o. of Warsaw, ul. Lecha Kaczyńskiego 14, 00-638 Warsaw.

**Amendment 62: page 92, Chapter XIII**

*After the paragraph reading: "The historical financial information of the Issuer has been incorporated into the Prospectus by reference to the periodic reports of the Bank" the following new paragraph is added:*

The Issuer's financial statements for 2017, along with the auditor's report on the audit of the financial statements, have been included in this Prospectus by reference to the Issuer's 2017 annual report, released on 5th March 2018 and posted on the Issuer's website at: www.mhipoteczny.pl/relacje-inwestorskie/raporty-okresowe.

**Amendment 63: page 94, Chapter XV**

*In the paragraph beginning: "During the validity period of this Prospectus, the following documents will be available for inspection", after the words "Al. Armii Ludowej 26, 00-609 Warsaw", the following words are added:*

(since 10th November 2017) – at ul. Lecha Kaczyńskiego 26, 00-609 Warsaw.

**Amendment 64: page 94, Chapter XV**

*A new indent is added at the end:*

- the Issuer's audited financial statements for 2017 together with the audit report.

**Amendment 65: page 139, Chapter XXI**

*The definition of "EURIBOR" shall read as follows:*

**EURIBOR** means the EURIBOR® (*Euro Interbank Offered Rate*) benchmark rate reflecting the interest rates on deposits and loans on the interbank market in the eurozone.

**Amendment 66: page 140, Chapter XXI**

*The definition of "LIBOR" shall read as follows:*

**LIBOR** means the ICE LIBOR (*London Interbank Offered Rate*) benchmark rate reflecting the interest rates on deposits and loans in a given currency on the interbank market in London.

**Amendment 67: page 142, Chapter XXI**

*After the definition of "Recommendation W", the following new definition is added:*

**Benchmarks Regulation** means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 onindices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (Official Journal of the European Union L 171/1 of 29 June 2016.).

**Amendment 68: page 143, Chapter XXI**

*The definition of "WIBOR" shall read as follows:*

**WIBOR** means the WIBOR (*Warsaw Interbank Offered Rate*) benchmark rate reflecting the interest rates on loans on the Polish interbank market.