

SECOND SUPPLEMENT DATED 4 OCTOBER 2019 TO THE BASE PROSPECTUS DATED 11 JULY 2019



mBank Hipoteczny Spółka Akcyjna

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

EUR 3,000,000,000

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

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

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

The information contained in this Supplement updates and/or revises comparable information contained in the Base Prospectus. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement, and (b) any other statement in or incorporated by reference in the Base Prospectus, the statement referred to in (a) above will prevail.

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

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

AMENDMENTS TO THE BASE PROSPECTUS

Risk factors

1. Due to the fact that on 27 September 2019 Fitch Ratings reaffirmed its assessment of Poland with an A- rating, on page 10 of the Base Prospectus the sixth paragraph of the risk factor under the heading “*Poland’s economic, political and social conditions have affected and will continue to have an effect on the Bank’s business, financial condition and results of operations*” shall be replaced with the following:

“Fitch confirmed its assessment of Poland with an A- rating in October 2018, March 2019 and September 2019. The agency pointed out the diversity and strong macroeconomic foundations of the Polish economy as the basis for such an assessment. The strength of the banking sector and smaller-than-expected budget deficit were also considered to be crucial factors. However, continuing growth in public revenues may lead to an increase in the rating to A.”

2. Due to the fact that on 3 October 2019 the Court of Justice of the European Union issued a preliminary ruling in Case C-260/18, on page 13 of the Base Prospectus the seventh paragraph of the risk factor under the heading “*Statutory intervention regarding CHF mortgage loans*” shall be replaced with the following:

“On 3 October 2019, the Court of Justice of the European Union (the ‘Court of Justice’) issued a preliminary ruling in the case initiated by the request from the District Court (Sąd Okręgowy) in Warsaw (Poland) submitted on 16 April 2018 (C-260/18 Kamil Dziubak, Justyna Dziubak vs Raiffeisen Bank Polska SA) regarding allegedly unfair contractual terms relating to the exchange rate applicable to repayments of a loan.

The judgment of the Court of Justice provides that (i) general provisions of Polish law cannot remedy the gaps in a contract caused by the removal of unfair terms that appeared in it, (ii) Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts does not preclude the annulment of contract by the Polish court, and (iii) the consumer must be able to refuse to be protected against the detrimental consequences caused by the annulment of the contract as a whole where the consumer does not wish to benefit from that protection.

The judgment of the Court of Justice and its acceptance in the jurisprudence of Polish courts may have a negative impact on the Group as it has significant exposure to FX Loans (predominantly retail mortgage loans denominated in CHF).”

3. Since, in connection with the announcement of Commerzbank’s intention to sell Commerzbank’s majority stake in mBank, Moody’s Investor Services and S&P Global Ratings announced updates to mBank’s and the Bank’s ratings, on page 14 of the Base Prospectus the fifth paragraph of the risk factor under the heading “*Any reduction in the credit rating of the Bank and its affiliates could increase its cost of funding and adversely affect its interest margins*” shall be replaced with the following:

“On 27 September 2019, Moody’s reaffirmed the Bank’s Baa2 long-term and Prime-2 short-term issuer rating and changed the outlook of the long-term issuer rating from stable to negative. Moody’s also reaffirmed the Bank’s A3 (cr) long-term and Prime-2 (cr) short-term counterparty risk assessment (CR Assessment) and A3 long-term and Prime-2 short-term counterparty risk ratings (CRRs). On 25 September 2019, S&P downgraded mBank’s long-term issuer rating from BBB+ to BBB and long-term counterparty rating from A- to BBB+. The short-term rating of mBank was reaffirmed as A-2. S&P changed the rating outlook from negative to developing. These updates of the Bank’s and mBank’s ratings have been made in connection with Commerzbank’s announcement of its intention to sell its majority stake in mBank.”

Ratings assigned to the Bank

In connection with the update of the ratings of the Bank issued by Moody’s, on page 82 of the Base Prospectus the section under the heading “*Ratings assigned to the Bank*” shall be replaced with the following:

“As of 4 October 2019, Moody's has assigned the following ratings to the Bank and the covered bonds issued by the Bank:

Category	Rating	Outlook
Mortgage covered bonds rating (refers to cover pool)	Aa3	N/A
Bank's long-term rating	Baa2	Negative
Bank's short-term rating	Prime-2	N/A
Long-term counterparty risk assessment.....	A3_cr	N/A
Short-term counterparty risk assessment	Prime-2_cr	N/A

“

Overview of the Bank and its position within the Group

In connection with the announcement of new strategic programme by Commerzbank, on page 83 of the Base Prospectus the following paragraph shall be added after the first paragraph of the subsection “*Overview of the Bank and its position within the Group*”:

“On 26 September 2019, Commerzbank approved a new strategic programme, Commerzbank 5.0, which indicates its intention to sell Commerzbank’s majority stake in mBank. The planned sale of a majority stake in mBank will allow Commerzbank to generate the financial resources enabling a faster implementation of Commerzbank’s strategy and the associated investments. As of 4 October 2019, the timing, the structure of the sale, and its impact on the Bank are unknown. The envisaged sale of Commerzbank’s shares in mBank will be subject to regulatory approval.”