(a joint-stock company with its registered office in Warsaw, address: Al. Armii Ludowej 26, 00-609 Warsaw, registered in the Register of Entrepreneurs of the National Court Register under entry No. KRS 0000003753)

Supplement 3

approved by the Polish Financial Supervision Authority on 10th March 2017

to the Base Prospectus of mBank Hipoteczny S.A.

approved by the Polish Financial Supervision Authority

on 26th August 2016

(the "Prospectus")

This supplement 3 ("Supplement 3") to the Base Prospectus of mBank Hipoteczny S.A. has been prepared in connection with the publication by the Issuer on 3rd March 2017 of the financial statements for 2016 and must be read in conjunction with the Prospectus.

This Supplement 3 has been drawn up to update the Prospectus with historical financial information for 2016 and with information on trends prevailing in the period from 1st January 2017 to 31st January 2017.

In the opinion of the Issuer's Management Board, in 2016 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 2016 to 31st December 2016 has no material bearing on the assessment of mBank Hipoteczny S.A.

Based on this Supplement 3, the Issuer's financial statements for 2016 (the "Financial Statements for 2016"), published on 3rd March 2017 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 capitalized in this document are defined in the Prospectus in the "*Definitions and Abbreviations*" Chapter.

In connection with the foregoing, the following amendments shall be introduced to the Prospectus of mBank Hipoteczny S.A.:

Amendment 1: pages 8-10, Chapter I, Element B.12

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

	31.12.2016	31.12.2015
ASSETS		
Cash and balances with the central bank	5,530	7,521
Amounts due from other banks	16,262	205,180
Derivative financial instruments	45,160	32,212
Loans and advances to clients	9,411,505	7,391,743
Investment securities available for sale	1,134,049	748,505
Intangible assets	13,357	8,152

Tangible fixed assets	7,603	7,523
Deferred income tax assets	8,644	7,213
Current income tax assets	0	1,597
Other assets, including:	7,389	9,479
- inventories	3,432	6,768
Total assets	**10,649,499**	**8,419,125**

	31.12.2016	**31.12.2015**
EQUITY AND LIABILITIES		
Amounts due to other banks	3,316,817	2,959,741
Derivative financial instruments	9,635	3,770
Amounts due to clients	36,394	265,509
Hedge accounting adjustments related to fair value of hedged items	29,305	21,530
Debt securities in issue	6,123,466	4,164,902
Subordinated liabilities	200,484	200,899
Current income tax liability	2,791	0
Other liabilities and provisions	26,908	20,438
Total liabilities	**9,745,800**	**7,636,789**
Equity		
Share capital	614,792	514,856
- Registered share capital	309,000	299,000
- Share premium	305,792	215,856
Retained earnings	**290,053**	**266,631**
- Profit from the previous years	266,631	247,840
- Profit from the current year	23,422	18,791
Other components of equity	-1,146	849
Total equity	**903,699**	**782,336**
Total liabilities and equity	**10,649,499**	**8,419,125**

Source: Financial statements of the Issuer

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

Contingent liabilities and commitments granted and received	**31.12.2016**	**31.12.2015**
Financial commitments assumed	1,283,422	990,932
Interest-rate derivatives	1,821,856	1,456,852
Foreign exchange derivatives	1,732,817	1,223,730
Financial commitments received	731,753	170,767
Total off-balance sheet items	**5,569,848**	**3,842,281**

Source: Financial statements of the Issuer

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

	31.12.2016	**31.12.2015**
Interest income	318,648	256,317
Interest expense	-188,507	-145,555
Net interest income	**130,141**	**110,762**
Fee and commission income	6,722	12,636
Fee and commission expense	-5,196	-6,107
Net fee and commission income	**1,526**	**6,529**
Net trading income, including:	**1,736**	**-434**
Foreign exchange, net	*4,240,*	*2,036*
Other trading income and result on hedge accounting	*-2,504*	*-2,470*
Net gain/(loss) on investment securities	5	-
Other income	3,116	763
Impairment losses	-21,588	-24,775
General and administrative expenses	-62,472	-57,876
Amortisation and depreciation	-3,197	-4,699
Other expenses	-2,403	-3,473
Operating result	**46,864**	**26,797**
Tax on the Bank's on-balance-sheet items	-16,685	**-**
Profit before income tax	**30,179**	**26,797**
Income tax	-6,757	-8,006
Net profit	**23,422**	**18,791**

Source: Financial statements of the Issuer

The following shall be 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 2016, there have been no adverse changes affecting the Issuer's future prospects.

From 31st December 2016 to the Supplement Date, there were no major changes in the financial or business standing of the Issuer, other than the following:

- on 1st February 2017, the Issuer carried out a public issue of seven-year fixed-rate mortgage covered bonds with a nominal value of EUR 24,900 thousand;
- on 30th January 2017, the Issuer entered into a new hedging relationship to hedge against interest rate risk. The hedged item is the fixed-rate mortgage covered bonds with a nominal value of EUR 24,900 thousand, issued on 1st February 2017. The hedge is an IRS contract with a nominal value of EUR 24,900 thousand, which exchanges fixed-rate interest payments for floating-rate interest payments;
- the Extraordinary General Meeting of mBank Hipoteczny S.A. passed Resolution No. 1 to increase the Bank's share capital and disapply the existing shareholders' pre-emptive rights. Under the resolution, the share capital of mBank Hipoteczny S.A. was increased by PLN 12,000 thousand, to PLN 321,000 thousand, through the issue of 120,000 ordinary registered shares with a par value of PLN 100 and issue price of PLN 1,000 per share. The new shares were offered for subscription to mBank S.A. in a private placement. The shares were fully paid-up on 28th February 2017.
- on 8th February 2017, the Extraordinary General Meeting of mBank Hipoteczny S.A. elected Mr Jakub Fast as member of the Supervisory Board of the tenth term of office, following the resignation by Mr Dariusz Solski as a Supervisory Board member with effect from 7th February 2017.

Amendment 2: page 11, Chapter I, Element B.13 and page 42, Chapter VI, Section 1.5

The following shall be added after the existing text:

In connection with the expiry of the last series of public sector covered bonds, on 28th September 2016 Fitch Ratings Ltd. stopped assigning ratings to the public sector covered bond programme.

On 18th January 2017, Fitch Ratings Ltd. confirmed the Bank's ratings. The national ratings (equivalent to international ratings) assigned by Fitch are AA-(pol) with stable outlook (long-term credit rating) and F1+(pol) (short-term credit rating).

Amendment 3: pages 11-12, Chapter I, Element B.17

The following shall be added before the existing text:

Fitch Ratings Ltd. assigned the following ratings to the Issuer and its debt securities:

- BBB (stable outlook)/F2 – long- and short-term international rating;
- 2 – support rating; and
- A (positive outlook) – rating of mortgage covered bonds.

Amendment 4: page 38, Chapter V, Section 5

The following shall be added before the existing text:

Fitch Ratings Ltd. assigned the following ratings to the Issuer and its debt securities:

- BBB (stable outlook)/F2 – long- and short-term international rating;
- 2 – support rating (on a five-point scale, 2 is assigned to a bank for which there is a high probability of external support from a potential provider of support which is highly rated in its own right);

and

- A (positive outlook) – rating of mortgage covered bonds.

Amendment 5: page 18, Chapter II, Section 1.1.1

After the existing text of the paragraph beginning "As on 31st December 2015 no limit resulting from the Covered Bond Act (...)", the following shall be added:

As at 31st December 2016, none of the limits provided for in the Covered Bond Act or the CRR was exceeded. In 2016, the limit on liabilities imposed under Art. 15.2 of the Covered Bond Act was not exceeded.

Amendment 6: page 21, Chapter II, Section 1.1.3 a)

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

None of the liquidity norms were exceeded either in 2015 or in 2016.

Amendment 7: page 21, Chapter II, Section 1.1.3 c)

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 shall be added:

As at the end of December 2016, Earnings at Risk (EaR) reached a safe level of 4.56%.

Amendment 8: page 25, Chapter II, Section 1.2.2

After the existing text of the second paragraph, beginning "The Bank's own funds as at 31st December 2015 amounted to PLN 740,012 thousand (...)," the following new paragraph shall be added:

The Bank's own funds as at 31st December 2016 were PLN 954,070 thousand (as at 31st December 2015: PLN 740,012 thousand). The limit of exposure towards one entity or group of related entities amounts to 25% of the value of recognized equity of the Bank pursuant to CRR Regulation, therefore it cannot exceed PLN 238,518 thousand in the case of the Issuer.

Amendment 9: page 38, Chapter V, Section 2

Before the paragraph beginning "The Issuer's financial statements for 2014 and for 2015 have been audited (...)", the following new sentence shall be added:

The financial statements for 2016 have been audited, and the audit report was not negative and contained no qualifications.

Amendment 10: page 43, Chapter VII, Section 1.2

Before the paragraph beginning "The following financial data are compiled on the basis of the audited financial statements for the financial year ended on 31st December 2015 prepared in accordance with the IFRS as endorsed by the European Union (...)", the following new sentence shall be added:

The financial information presented below has been compiled based on the audited financial statements for the financial year ended 31st December 2016, prepared in accordance with the IFRS as endorsed by the European Union, containing comparative data for the financial year ended 31st December 2015.

Amendment 11: pages 43-44, Chapter VII, Section 1.2

The following new table shall be added under Table 1a:

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

	31.12.2016	**31.12.2015**
ASSETS		
Cash and balances with the central bank	5,530	7,521
Amounts due from other banks	16,262	205,180
Derivative financial instruments	45,160	32,212
Loans and advances to clients	9,411,505	7,391,743
Investment securities available for sale	1,134,049	748,505
Intangible assets	13,357	8,152
Tangible fixed assets	7,603	7,523
Deferred income tax assets	8,644	7,213
Current income tax assets	-	1,597
Other assets, including:	7,389	9,479
- inventories	3,432	6,768
Total assets	**10,649,499**	**8,419,125**

Source: Financial statements of the Issuer

Amendment 12: page 44, Chapter VII, Section 1.2

The following new table is added under Table 2a:

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

	31.12.2016	**31.12.2015**
EQUITY AND LIABILITIES		
Amounts due to other banks	3,316,817	2,959,741
Derivative financial instruments	9,635	3,770
Amounts due to clients	36,394	265,509

Hedge accounting adjustments related to fair value of hedged items	29,305	21,530
Debt securities in issue	6,123,466	4,164,902
Subordinated liabilities	200,484	200,899
Current income tax liability	2,791	-
Other liabilities and provisions	26,908	20,438
Total liabilities	**9,745,800**	**7,636,789**
Equity		
Share capital	614,792	514,856
- Registered share capital	309,000	299,000
- Share premium	305,792	215,856
Retained earnings	**290,053**	**266,631**
- Profit from the previous years	266,631	247,840
- Profit from the current year	23,422	18,791
Other components of equity	-1,146	849
Total equity	**903,699**	**782,336**
Total liabilities and equity	**10,649,499**	**8,419,125**

Source: Financial statements of the Issuer

Amendment 13: pages 44-45, Chapter VII, Section 1.2

Under the existing text below Table 2a, beginning "The Bank's balance sheet total (...)," the following new text shall be added:

As at the end of 2016, the Bank's balance-sheet total stood at PLN 10,649,499 thousand, up PLN 2,230,374 thousand on the end of 2015. Loans to non-financial sector were the largest item of assets, accounting for 88.38% of total assets.

As at the end of 2016, the Issuer's total loan portfolio was PLN 10,681,426 thousand (on-balance-sheet and off-balance-sheet exposure), up by 27.59% relative to the end of 2015. As at 31st December 2016, 53.92% of loans and advances to clients (on-balance-sheet and off-balance-sheet exposure) were loans and advances to corporate clients, while the remaining 46.01% were loans to individual clients and the public sector.

In 2016, the increase in the total loan portfolio (by PLN 2,309,716 thousand relative to 31st December 2015) was financed mostly with the issue of debt securities (the related liabilities rose by PLN 1,958,564 thousand).

Debt securities in issue, comprising covered bonds and bonds, were the main item of the Issuer's liabilities, accounting for 57.50% of the balance-sheet total as at 31st December 2016 (49.47% as at the end of 2015), followed by amounts due to other banks, which represented 31.15% of the balance-sheet total as at 31st December 2016 (31st December 2015: 35.15%). Amounts due to clients accounted for 0.34% of the balance-sheet total as at 31st December 2016 (compared with 3.15% as at 31st December 2015).

Amendment 14: page 45, Chapter VII, Section 1.2

The following new table is added under Table 3a:

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

Contingent liabilities and commitments granted and received	31.12.2016	31.12.2015
Financial commitments assumed	1,283,422	990,932
Interest-rate derivatives	1,821,856	1,456,852

Foreign exchange derivatives	1,732,817	1,223,730
Financial commitments received	731,753	170,767
Total off-balance sheet items	**5,569,848**	**3,842,281**

Source: Financial statements of the Issuer

Amendment 15: page 45, Chapter VII, Section 1.2

The following new table is added under Table 4a:

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

	31.12.2016	31.12.2015
Interest income	318,648	256,317
Interest expense	-188,507	-145,555
Net interest income	**130,141**	**110,762**
Fee and commission income	6,722	12,636
Fee and commission expense	-5,196	-6,107
Net fee and commission income	**1,526**	**6,529**
Net trading income, including:	**1,736**	**-434**
Foreign exchange, net	*4,240,*	*2,036*
Other trading income and result on hedge accounting	*-2,504*	*-2,470*
Net gain/(loss) on investment securities	5	-
Other income	3,116	763
Impairment losses	-21,588	-24,775
General and administrative expenses	-62,472	-57,876
Amortisation and depreciation	-3,197	-4,699
Other expenses	-2,403	-3,473
Operating result	**46,864**	**26,797,**
Tax on the Bank's on-balance-sheet items	-16,685	**-**
Profit before income tax	**30,179**	**26,797**
Income tax	-6,757	-8,006
Net profit	**23,422**	**18,791**

Source: Financial statements of the Issuer

Amendment 16: pages 45-46, Chapter VII, Section 1.2

Under the existing text below Table 4a, beginning "Interest income from banking operations was the main source of the Bank's income (...)", the following text shall be added:

In 2016, profit before income tax amounted to PLN 30,179 thousand, up PLN 3,382 thousand on 2015.

Similarly as in 2015, in 2016 the Bank's financial performance was strongly affected by low interest rates and strong pressure on margins. Despite that, as at 31st December 2016 the Bank saw its core business figures grow compared with a year earlier. Net interest income as at the end of December 2016 rose by PLN 19,379 thousand, up 17.50% relative to 31st December 2015. On the other hand, the net fee and commission income was down by PLN 5,003 thousand. Furthermore, the Bank generated a gain on trading activities (foreign exchange gains/(losses) and profit/(loss) on other trading activities and hedge accounting) of PLN 1,736 thousand in 2016, a result significantly higher than in 2015 (a loss of PLN -434 thousand).

Improved profit before income tax (up by 12.62% in 2016 compared with 2015) was primarily attributable to much higher net trading income (five times higher year on year) and lower net impairment write-downs on loans and advances (down 12.86% compared with the end of 2015). In 2016, the Issuer also saw a material increase in its other operating income, which reached PLN 3,116 thousand, compared with PLN 763 thousand in 2015 (a more than threefold increase). Profit before income tax for 2016 was high despite the 7.94% year-on-year growth in overhead costs. Depreciation/amortisation went down 31.96% on 2015 and stood at PLN 3,197 thousand, thanks to which the cost-to-income ratio dropped to 48.96% compared with 54.82% a year earlier. The Issuer's performance in 2016 was materially affected by the bank tax, introduced as of February 1st 2016, whose effect could not be offset by the Bank because of the specialised nature of its activities and a narrow product range. The Issuer's operating result (before the bank tax) was PLN 46,864 thousand relative to PLN 26,797 thousand in 2015 (up 74.89%). After deducting the bank tax, gross profit rose PLN 3,382 thousand (up 12.62% year on year).

Net profit for 2016 reached PLN 23,422 thousand, up PLN 4,631 thousand year on year.

In 2016, despite a PLN 4,631 thousand increase (24.64%) in net profit relative to 2015, the Bank recorded slightly lower profitability ratios calculated as the ratio of net profit or profit before income tax to a relevant financial item.

As at 31st December 2016, book value per share rose to PLN 292.46, compared with PLN 261.65 as at 31st December 2015. Earnings per share for 2016 rose to PLN 7.70, from PLN 6.46 in 2015.

Amendment 17: page 46, Chapter VII, Section 1.2

The following new table is added under Table 5a:

Table 5b Issuer's performance indicators

	31.12.2016	**31.12.2015**
Return on assets gross (ROA gross)	0.31%	0.37%
Return on equity gross (ROE gross)	3.62%	3.91%
Cost to income ratio (C/I)	48.96%	54.82%
Net interest margin	1.37%	1.55%
Cost of risk	0.26%	0.39%
Capital adequacy ratio	14.54%	13.81%

Source: The Issuer

Amendment 18: page 46, Chapter VII, Section 1.2

The following new sentence is added under Table 5b:

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 2016 and the Directors' Report on the Bank's operations in 2016, published on the Issuer's website at www.mhipoteczny.pl/relacje-inwestorskie/raporty-okresowe.

Amendment 19: pages 46-47, Chapter VII, Section 1.2

The following new table shall be 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 a 31.12.2016) - calculated as the sum of the value of assets as at 31.12.2015, and as at the last day of each month in the period from 01.01.2016 to 31.12.2016 / 13 months*** *Average assets (as a 31.12.2015) - calculated as the sum of the value of assets as at 31.12.2014, and as at the last day of each month in the period from 01.01.2015 to 31.12.2015 / 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 31.12.2016) - calculated as the sum of the value of equity as at 31.12.2015, and as at the last day of each month in the period from 01.01.2016 to 31.12.2016 / 13 months*** *Average equity (as at 31.12.2015) - calculated as the sum of the value of equity as at 31.12.2014, and as at the last day of each month in the period from 01.01.2015 to 31.12.2015 / 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 operating income - other operating 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 31.12.2016) - calculated as the sum of the value of interest-earning assets as at 31.12.2015, and as at the last day of each month in the period from 01.01.2016 to 31.12.2016 / 13 months*** *Average interest-earning assets (as at 31.12.2015) - calculated as the sum of the value of interest-earning assets as at 31.12.2014, and as at the last day of each month in the period from 01.01.2015 to 31.12.2015 / 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 31.12.2016) - calculated as the sum of the value of loans and advances to clients as at 31.12.2015, and as at the end of each month in the period from 01.01.2016 to 31.12.2016 / 13 months*** *Average loans and advances to clients (as at 31.12.2015) - calculated as the sum of the value of loans and advances to clients as at 31.12.2014, and as at the end of each month in the period from 01.01.2015 to 31.12.2015 / 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.*
Capital adequacy ratio	*Capital adequacy ratio = own funds / total risk exposure amount)*	***The total risk exposure calculated as at 31.12.2016 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 specialized 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.*** *The total risk exposure calculated as at 30.06.2015 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 specialized 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 20: page 48, Chapter VII, Section 1.2

After the paragraph beginning "Specified by the Issuer performance indicators which are Alternative performance measurements provide (…)", before the sentence beginning "Capital adequacy ratio at 31st December 2015 amounted to (…)", the following new sentence shall be added:
As at 31st December 2016, the capital adequacy ratio was 14.54% (compared with 13.81% at the end of 2015).

Amendment 21: page 48, Chapter VII, Section 1.2

Before the paragraph beginning "At 31st December 2015 the share of the impaired portfolio in the Bank's total portfolio (…)", the following text shall be added:

As at 31st December 2016, the share of the impaired portfolio in the Bank's total portfolio increased to 3.29% compared with 2.73% as at the end of 2015. The share of unimpaired overdue loans fell to 2.24% as at the end of 2016 (loan portfolio quality measured as unimpaired loans to total gross value of loans and advances to clients), compared with 2.70% as at the end of 2015.

After the paragraph beginning "At 31st December 2016 the share of the impaired portfolio in the Bank's total portfolio (…)", the following two new paragraphs shall be 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 2016 fell to 3.72% of the Bank's total loan portfolio (compared with 4.53% as at the end of 2015), with non-performing commercial loans and non-performing retail loans accounting for 7.18% and 0.08%, respectively, of the portfolio. As at the end of December 2015, non-performing commercial loans and non-performing retail loans accounted for 7.36% and 0.02%, 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 2016 the cost of risk was 0.49% for commercial loans and 0.04% for retail loans (compared with 0.59% and 0.04% as at the end of December 2015).

Amendment 22: page 48, Chapter VII, Section 1.3

The following text shall be inserted at the beginning of the paragraph beginning "The volume of the loan portfolio (including off-balance sheet items) at the end of 2015 (…)":

As at the end of December 2016, the loan portfolio volume (including off-balance-sheet items) grew by PLN 2,309,716 thousand relative to the end of 2015. Total on-balance-sheet and off-balance-sheet exposure (commercial loans, housing loans, loans to local government institutions) reached PLN 10,681,426 thousand at the end of December 2016, and the value of loans granted in 2016 was PLN 3,990,018 thousand.

The following text shall be inserted at the beginning of the paragraph beginning "Commercial loans at the end of December 2015 accounted for 63.19% (…)":

At the end of December 2016, commercial loans accounted for 53.92% 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 December 2016, PLN-denominated loans accounted for 64.87% and foreign currency loans for 35.13% of the total loan portfolio (Table 7b).

Amendment 23: pages 48−49, Chapter VII, Section 1.3

The following new table is added under Table 6a:

Table 6b Bank's total loan portfolio by products (PLN '000)*

Product	Dec 31 2016	Dec 31 2015	Change (%) Dec 31 2016/Dec 31 2015

Commercial loans	*On-balance-sheet exposure*	4,710,560	4,429,610	6.34%
	Off-balance-sheet exposure	1,049,123	860,369	21.94%
	Total exposure	**5,759,683**	**5,289,979**	**8.88%**
Housing loans	*On-balance-sheet exposure*	4,371,412	2,601,184	68.05%
	Off-balance-sheet exposure	220,798	119,598	84.62%
	Total exposure	**4,592,210**	**2,720,782**	**68.78%**
Loans granted to local government units	*On-balance-sheet exposure*	321,826	360,855	-10.82%
	Off-balance-sheet exposure	0	0	0.00%
	Total exposure	**321,826**	**360,855**	**-10.82%**
Total	*On-balance-sheet exposure***	9,411,505	7,391,743	27.32%
	Off-balance-sheet exposure	1,269,921	979,967	29.59%
	Total exposure	**10,681,426**	**8,371,710**	**27.59%**

Source: The 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.*

***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 7,706.13 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 94.52 thousand as at 31st December 2015.*

Amendment 24: page 49, Chapter VII, Section 1.3

The following new table is added under Table 7a:

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

Product	**Dec 31 2016**			**Dec 31 2015**		
	PLN	**EUR**	**USD**	**PLN**	**EUR**	**USD**
Commercial loans	35.26%	63.40%	1.34%	40.84%	57.69%	1.47%
Housing loans	99.54%	0.37%	0.09%	99.15%	0.68%	0.17%
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)	**64.87%**	**34.37%**	**0.76%**	**62.34%**	**36.67%**	**0.99%**

Source: The Issuer

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

Amendment 25: pages 49−50, Chapter VII, Section 1.3

The following new table is added under Table 8a:

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

Product	**Jan 1−Dec 31 2016**		**Jan 1−Dec 31 2015**	
	value	**number**	**value****	**number**
Commercial loans	**1,871,068**	**51**	**1,619,524**	**76**
including:				
- construction projects	478,801	11	71,571	8
- real estate refinancing	845,596	22	955,907	40
- land purchase	0	0	0	0
- loans to residential developers	546,671	18	592,046	28
Housing loans (retail – Agency Model and Pooling Model)	**2,118,950**	**7,179**	**1,925,627**	**6,818**
Loans granted to local government units	**0**	**0**	**0**	**0**

Total	**3,990,018**	**7,230**	**3,545,150**	**6,894**

Source: The Issuer

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

***The value of sales in the period 1st January–31st December 2015 accounts for annexes to loan agreements under which the principal amounts of previous years' loans were increased by PLN 1,039.53 thousand. The value of agreements corresponds to the loan amounts as per agreement, translated at historical exchange rates.*

Amendment 26: page 51, Chapter VII, Section 1.3.1

Before the paragraph beginning "The total portfolio of commercial loans at the end of 2015 (…)", the following new sentence shall be added:

The total commercial loan portfolio (on-balance-sheet and off-balance-sheet exposure) as at the end of 2016 increased in comparison with the end of 2015 and reached PLN 5,759,683 thousand.

Before the paragraph beginning "In 2015 in the area of commercial real estate Bank financed (…)", the following new sentence shall be added:

In 2016, the commercial real estate projects financed by the Bank included chiefly office buildings and retail space projects.

Before the paragraph beginning "The average repayment period of loans was 10.9 years. (…)", the following new sentence shall be added:

In 2016, the average loan repayment period was 10.3 years. Loans bearing interest at variable rates prevailed in the portfolio. Foreign currency loans had the largest share in the total commercial loan portfolio – 64.74% as at the end of 2016.

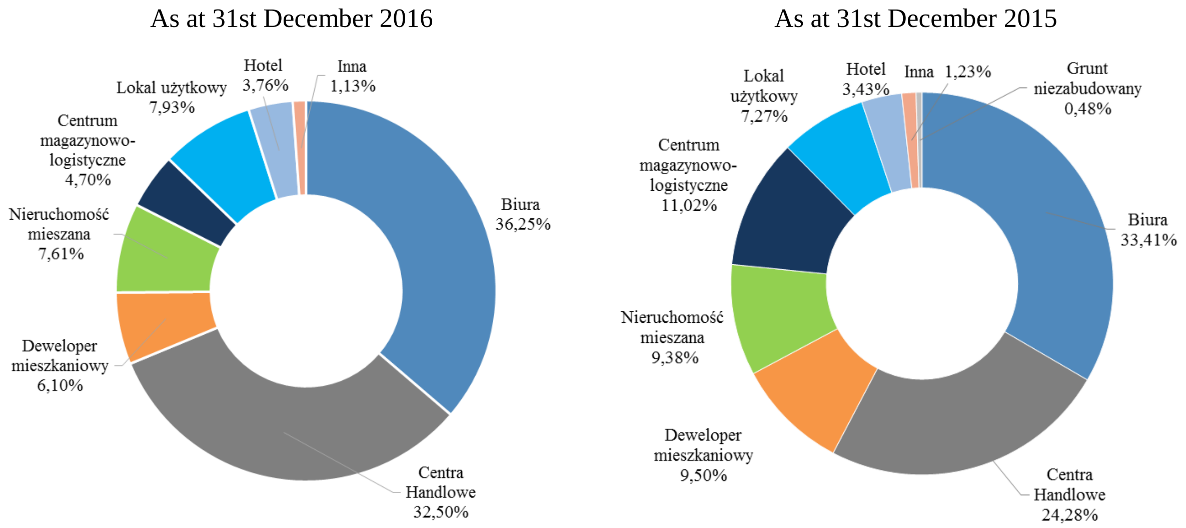
The following text shall be inserted at the beginning of the paragraph beginning "Office properties, which accounted for 33.41% of the portfolio of commercial loans (…)":

At the end of December 2016, office properties, accounting for 36.25% of the commercial loan portfolio, had the largest share in the portfolio of loans for corporate clients (up by 2.84pp from the end of 2015). Loans granted to finance shopping centre projects accounted for 32.50% of the portfolio as at the end of 2016 (up by 8.22pp compared with the end of 2015). As at the end of 2016, the share of commercial premises rose (7.93% as at 31st December 2016 compared with 7.27% as at 31st December 2015). Warehousing and logistics centres accounted for 4.70% of the commercial loan portfolio in 2016 (down by 6.30pp year on year). In addition, the share of loans financing residential developers fell by 3.40pp (from 9.50% as at the end of December 2015 to 6.10% as at the end of December 2016) and the share of loans financing mixed use real estate decreased by 1.77pp (from 9.38% in 2015 to 7.61% in 2016).

Amendment 27: page 52, Chapter VII, Section 1.3.1

The following new graph shall be added under Graph 1a:

Graph 1b Loans to economic entities by type of financed property as at 31st December 2016 and 31st December 2015



Lokal użytkowy	Commercial premises
Centrum magazynowo-logistyczne	Warehouse and logistics center
Nieruchomość mieszana	Mixed-use property
Deweloper mieszkaniowy	Residential developer
Centra handlowe	Shopping centres
Biura	Offices
Grunt niezabudowany	Undeveloped land
Inna	Other

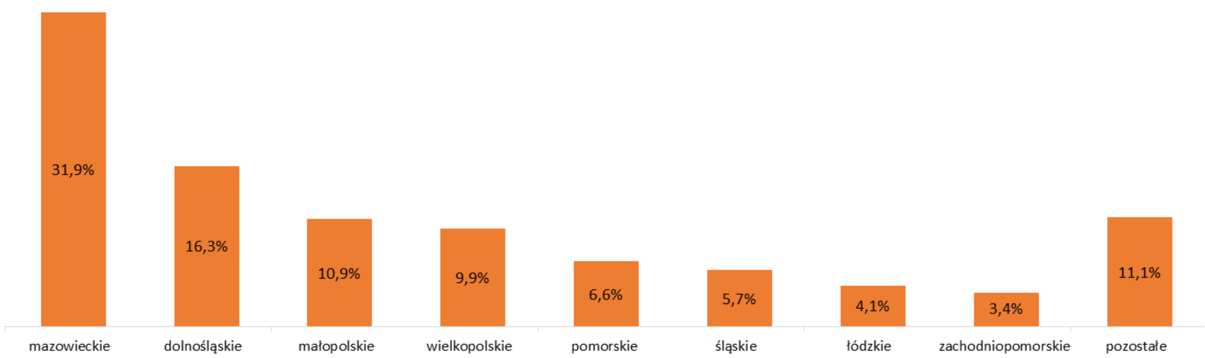
Source: The Issuer

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

<u>Amendment 28: page 52, Chapter VII, Section 1.3.1</u>

The following new graph shall be added under Graph 2a:

Graph 2b Commercial loans – geographical breakdown as at 31st December 2016*2



Source: The Issuer

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

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

Before the sentence: "In line with the concentration limits, as at 31st December 2015 the financing of any single entity or a group of entities with equity or organisational links did not exceed 25% of the Bank's equity, i.e. PLN 185,003 thousand.", the following text shall be added:

In line with the concentration limits, as at 31st December 2016 the financing of any single entity or a group of entities with equity or organisational links did not exceed 25% of the Bank's equity, i.e. PLN 238,518 thousand.

In 2016, the Issuer brought one action to have a payment order for EUR 849.5 thousand issued against a borrower in connection with a commercial loan. The Court issued the payment order, and the Bank is currently waiting for the payment order to become final. Moreover, in the second half of 2016, the Bank filed a bankruptcy petition relating to a commercial receivable of EUR 13,268.7 thousand. The court has not yet issued a decision to declare or refuse to declare bankruptcy. However, the court has issued a decision on injunctive relief and appointed a temporary court supervisor.

Amendment 30: page 53, Chapter VII, Section 1.3.1

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

In 2016, the Issuer transferred one loan as part of commercial pooling. The transfer will cover the deficit attributable to the final repayment of three loans taken over from mBank as part of commercial pooling in 2015.

Amendment 31: page 54, Chapter VII, Section 1.3.2

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

At the end of December 2016, the value of the housing loan portfolio rose by 68.78% compared with the end of 2015, to PLN 4,592,210 thousand (on-balance-sheet and off-balance-sheet exposure). In line with its strategic objectives, the Issuer has been consistently intensifying its activities in this area. In the second half of 2016, the mBank Group considerably changed the acquisition process of mortgage loan offering. mBank S.A. discontinued offering mortgage-backed products, which means that all mortgage loans offered to individuals (excluding the Private Banking area) by the mBank Group entities are now processed by mBank Hipoteczny S.A.

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

The total principal amount of retail loans transferred in the first half of 2016 (in four tranches) as part of pooling transactions amounted to PLN 529.4 million (carrying amount as at 31st December 2016).

The following new sentence shall be inserted at the end of the paragraph beginning "In 2015, a platform for the sale of financial products owned by Aspiro Group which is a member of mBank Group (responsible for 61 % of sales), was the main channel for the sale of retail loans to individuals (...)":

In 2016, similarly as in 2015, the main retail loan sales channels included: the mFinanse financial product sales platform (58% of total sales), sales through a brokerage firm (28%), sales through the Financial Services Centre (10%) and sales through partner entities (4%).

Amendment 32: pages 54-55, Chapter VII, Section 1.3.3

In the second paragraph, before the sentence beginning "Lack of new contracts in 2015 (...)", the following new sentence shall be added:

With no new agreements signed in 2016 and large amounts of early repayments, the on-balance-sheet exposure attributable to these loans fell by 10.82% relative to 31st December 2015.

The following new sentence shall be inserted at the beginning of the paragraph starting with "At the end of 2015 value of the total balance sheet and off-balance sheet commitment (...)":

As at the end of 2016, total on-balance-sheet and off-balance-sheet exposure to the public sector reached PLN 321,826 thousand and represented 3.01% of the total credit exposure. Loans with an average repayment term of 16.6 years accounted for the majority of the portfolio of loans granted to local government units.

Amendment 33: page 55, Chapter VII, Section 1.5

The following new paragraph shall be inserted after the paragraph beginning "As of the Prospectus Date, the value of all covered bonds of mBank Hipoteczny S.A. in trading (...)":

As at February 28th 2017, the total value of all outstanding covered bonds issued by mBank Hipoteczny was in excess of PLN 4.6 billion. In 2016 and in the period from 31st December 2016 to 28th February 2017, mBank Hipoteczny placed on the market nine issues of mortgage covered bonds with a total value of approximately PLN 1.70 billion as at 28th February 2017.

The four issues denominated in the Polish currency amounted to PLN 850 million (this includes the value of mortgage covered bonds issued in private placement on 15th December 2016, with a nominal value of PLN 400 million, maturing on July 25th 2018).

The five issues of mortgage covered bonds denominated in the euro amounted to EUR 192.9 million (this includes one private placement of floating-rate mortgage covered bonds of 19th August 2016, with a nominal value of EUR 70 million, maturing on 28th August 2019).

The issues of 19th August 2016 and of 15th December 2016 were carried out as part of a covered bond private placement programme with a value of up to PLN 2 billion, arranged by mBank S.A.

Amendment 34: pages 55-56, Chapter VII, Section 1.5

The following new table shall be added under Table 9:

Table 9a Mortgage covered bonds issued by mBank Hipoteczny S.A., traded on a regulated market (denominated in PLN) as at 28th February 2017

Issue date	Maturity	Series	Currency	Value ('000)	Rating by Fitch Ratings Ltd.
15.06.2011	16.06.2017	HPA15	PLN	200,000	A
20.04.2012	20.04.2017	HPA18	PLN	200,000	A
15.06.2012	15.06.2018	HPA19	PLN	200,000	A
20.06.2013	21.06.2019	HPA21	PLN	80,000	A
28.07.2014	28.07.2022	HPA22	PLN	300,000	A
04.08.2014	20.02.2023	HPA23	PLN	200,000	A
20.02.2015	28.04.2022	HPA24	PLN	200,000	A
15.04.2015	16.10.2023	HPA25	PLN	250,000	A
17.09.2015	10.09.2020	HPA26	PLN	500,000	A
02.12.2015	20.09.2021	HPA27	PLN	255,000	A
09.03.2016	05.03.2021	HPA28	PLN	300,000	A
28.04.2016	28.04.2020	HPA29	PLN	50,000	A
11.05.2016	28.04.2020	HPA30	PLN	100,000	A
SUM			**PLN**	**2,835,000**	

Amendment 35: page 56, Chapter VII, Section 1.5

The following new table shall be added under Table 10:

Table 10a Mortgage covered bonds issued by mBank Hipoteczny S.A., traded on a regulated market (denominated in EUR), as at 28th February 2017

Issue date	Maturity	Series	Currency	Value ('000)	Rating by Fitch Ratings Ltd.
19.10.2012	19.10.2017	HPE1	EUR	10,000	A

26.07.2013	28.07.2020	HPE2	EUR	30,000	A
22.11.2013	22.10.2018	HPE3	EUR	50,000	A
17.02.2014	15.02.2018	HPE4	EUR	7,500	A
28.02.2014	28.02.2029	HPE5	EUR	8,000	A
17.03.2014	15.03.2029	HPE6	EUR	15,000	A
30.05.2014	30.05.2029	HPE7	EUR	20,000	A
22.10.2014	22.10.2018	HPE8	EUR	20,000	A
28.11.2014	15.10.2019	HPE9	EUR	50,000	A
25.02.2015	25.02.2022	HPE10	EUR	20,000	A
24.04.2015	24.04.2025	HPE11	EUR	11,000	A
24.06.2015	24.06.2020	HPE12	EUR	50,000	A
23.03.2016	21.06.2021	HPE13	EUR	50,000	A
28.09.2016	20.09.2026	HPE14	EUR	13,000	A
26.10.2016	20.09.2026	HPE15	EUR	35,000	A
01.02.2017	01.02.2024	HPE16	EUR	24,900	A
SUM			**EUR**	**414,400**	

Amendment 36: pages 56-57, Chapter VII, Section 1.5

After the paragraphs under Table 11, under the heading "General description of receivables from loans underlying issue of the mortgage covered bonds as at 31.12.2015 (PLN '000)", the following new heading and new text describing the receivables portfolio as at 31st December 2016 shall be inserted:

General description of receivables from loans underlying the issue of mortgage covered bonds as at 31st December 2016 (PLN '000)

As at 31st December 2016, mortgage covered bonds were secured with receivables of PLN 7,297.1m, arising under a total of 13,261 loans.

Besides 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 90 million.

As at 31st December 2016, overcollateralisation of the mortgage covered bonds was 39.13% (taking into account additional collateral).

Amendment 37: page 57, Chapter VII, Section 1.5

The following new table shall be added under Table 12a:

Table 12b The currency structure and amount ranges of portfolio receivables provided as financial collateral of the mortgage covered bonds* as at 31.12.2016

Value range (PLN '000)	Value of loans (PLN '000)	Value of loans granted in EUR expressed in thousands of PLN	Value of loans granted in USD expressed in thousands of PLN	Sum
<= 250	1,127,832	4,669	1,954	1,134,456
250.1 - 500	1,394,194	7,163	318	1,401,676
500.1 – 1,000	590,536	9,182	2,178	601,895
1,000.1 – 5,000	218,071	169,928	8,481	396,479
5,000.1 – 10,000	192,042	151,692	21,901	365,635
10,000.1 – 15,000	211,494	266,722	29,158	507,374
15,000.1 – 20,000	124,317	246,098	16,564	386,979
20,000.1 – 30,000	119,768	495,878	0	615,646
30,000.1 – 40,000	147,667	282,810	0	430,477

40,000.1 – 50,000	45,740	354,307	0	400,047
>50,000.1	0	1,056,398	0	1,056,398
Sum	**4,171,660**	**3,044,849**	**80,553**	**7,297,062**
Percentage by reference to loan portfolio	**57.17%**	**41.73%**	**1.10%**	

Source: The Issuer

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

<u>Amendment 38: pages 57-58, Chapter VII, Section 1.5</u>

The following new table shall be added under Table 13a:

Table 13b The portfolio of receivables provided as financial collateral of the mortgage covered bonds by borrower type* as at 31.12.2016

Borrower	Value (PLN '000)	Percentage by reference to portfolio
Legal person / natural persons conducting economic activity	4,084,382	55.97%
Natural persons	3,212,680	44.03%
Sum	**7,297,062**	**100.00%**

Source: The Issuer

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

<u>Amendment 39: page 58, Chapter VII, Section 1.5</u>

The following new table shall be added under Table 14a:

Table 14b The structure of portfolio of receivables provided as financial collateral of the mortgage covered bonds according to the intended use* as at 31.12.2016

Intended use	Value (PLN '000)	Percentage by reference to portfolio
Commercial real estate	3,958,383	54.25%
Residential real estate	3,338,679	45.75%
Sum	**7,297,062**	**100.00%**

Source: The Issuer

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

<u>Amendment 40: page 58, Chapter VII, Section 1.5</u>

The following new table shall be added under Table 15a:

Table 15b The portfolio of receivables provided as financial collateral of the mortgage covered bonds by interest rate type* as at 31.12.2016

Interest rate type	Value (PLN '000)	Percentage by reference to portfolio
Variable interest rate	7,297,062	100.00%
Fixed interest rate	0	0.00%
Sum	**7,297,062**	**100.00%**

Source: The 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 shall be added under Table 16a:

Table 16b The portfolio of receivables provided as financial collateral of the mortgage covered bonds by maturity date* as at 31.12.2016

Time range (in years)	Value (PLN '000)	Percentage by reference to portfolio
0–2 years	15,731	0.22%
2–3 years	18,222	0.25%
3–4 years	22,318	0.31%
4–5 years	28,480	0.39%
5–10 years	662,653	9.08%
> 10 years	6,549,658	89.76%
SUM	**7,297,062**	**100.00%**

Source: The Issuer

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

Amendment 42: pages 58-59, Chapter VII, Section 1.5

The following new table shall be added under Table 17a:

Table 17b The portfolio of receivables provided as financial collateral of the mortgage covered bonds by geographic location* as at 31.12.2016

Voivodeship	Value (PLN '000)	Percentage
Lower Silesia (Dolnośląskie)	876,404	12.01%
Kujawy-Pomerania (Kujawsko - Pomorskie)	232,793	3.19%
Lublin (Lubelskie)	159,312	2.18%
Lubuskie (Lubuskie)	37,275	0.51%
Łódź (Łódzkie)	696,849	9.55%
Małopolskie (Małopolskie)	773,223	10.60%
Mazovia (Mazowieckie)	2,220,519	30.43%
Opole (Opolskie)	62,586	0.86%
Podkarpacie (Podkarpackie)	84,062	1.15%
Podlasie (Podlaskie)	48,188	0.66%
Pomerania (Pomorskie)	489,997	6.71%
Silesia (Śląskie)	338,408	4.64%
Świętokrzyskie (Świętokrzyskie)	125,399	1.72%
Warmia-Masuria (Warmińsko – Mazurskie)	196,209	2.69%
Wielkopolskie (Wielkopolska)	424,468	5.82%
West Pomerania (Zachodniopomorskie)	531,370	7.28%
SUM	**7,297,062**	**100.00%**

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

Amendment 43: page 59, Chapter VII, Section 1.5

The following new table shall be added under Table 18a:

Table 18b The portfolio of receivables provided as financial collateral of the mortgage covered bonds by advancement of investment execution* as at 31.12.2016

	Value (PLN '000)	Percentage by reference to portfolio
Building projects still in process	630,059	8.63%
Completed properties	6,667,003	91.37%
Sum	**7,297,062**	**100.00%**

Source: The Issuer

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

<u>Amendment 44: page 59, Chapter VII, Section 1.5</u>

After the heading "General description of receivables from loans underlying issue of public sector covered bonds as at 31.12.2015 (PLN '000)", the following new heading shall be added:

General description of receivables from loans underlying issue of public sector covered bonds as at 31.12.2016 (PLN '000):

<u>Amendment 45: page 59, Chapter VII, Section 1.5</u>

The following new table shall be added under Table 19a:

Table 19b Amount ranges of portfolio receivables provided as financial collateral of the public covered bonds* as at 31.12.2016

Value range (PLN '000)	Value of loans (PLN '000)	Percentage	Number of agreements
<= 500	3,984	1.23%	10
500.1 – 1.000	2,709	0.84%	4
1,000.1 – 2,000	14,995	4.65%	10
2,000.1 – 3,000	20,901	6.48%	9
3,000.1 – 5,000	38,300	11.87%	9
5,000.1 – 10,000	32,689	10.13%	5
10,000.1 – 15,000	42,569	13.19%	3
15,000.1 – 20,000	0	0.00%	0
> 20,000.1	166,606	51.62%	2
SUM	**322,753**	**100.00%**	**52**

Source: The Issuer

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

<u>Amendment 46: page 60, Chapter VII, Section 1.5</u>

The following new table shall be added under Table 20a:

Table 20b The portfolio of receivables provided as financial collateral of public sector covered bonds by maturity date* as at 31.12.2016

Maturity band	Value (PLN '000)	Percentage by reference to portfolio
0–2 years	4,961	1.54%
2–3 years	5,035	1.56%
3–4 years	7,128	2.21%
4–5 years	1,297	0.40%
5–10 years	47,856	14.83%
10–15 years	18,892	5.85%
15–20 years	123,826	38.37%

> 20 years	113,758	35.25%
SUM	**322,753**	**100.00%**

Source: The Issuer

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

Amendment 47: page 60, Chapter VII, Section 1.5

The following new table shall be added under Table 21a:

Table 21b The portfolio of receivables provided as financial collateral of the public covered bonds by geographic location* as at 31.12.2016

Voivodeship	Value (PLN '000)	Percentage
Lower Silesia (Dolnośląskie)	103,512	32.07%
Kujawy-Pomerania (Kujawsko - Pomorskie)	18,460	5.72%
Lublin (Lubelskie)	9,965	3.09%
Lubuskie (Lubuskie)	1,298	0.40%
Łódź (Łódzkie)	10,099	3.13%
Małopolskie (Małopolskie)	4,675	1.45%
Mazovia (Mazowieckie)	12,922	4.00%
Opole (Opolskie)	0	0.00%
Podkarpacie (Podkarpackie)	267	0.08%
Podlasie (Podlaskie)	0	0.00%
Pomerania (Pomorskie)	6,202	1.92%
Silesia (Śląskie)	112,701	34.92%
Świętokrzyskie (Świętokrzyskie)	0	0.00%
Warmia-Masuria (Warmińsko – Mazurskie)	13,593	4.21%
Wielkopolskie (Wielkopolska)	9,151	2.84%
West Pomerania (Zachodniopomorskie)	19,908	6.17%
SUM	**322,753**	**100.00%**

Source: The Issuer

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

Amendment 48: page 61, Chapter VII, Section 1.5

The following new table shall be added under Table 22a:

Table 22b The portfolio of receivables provided as financial collateral of public sector covered bonds by interest rate type* as at 31.12.2016

Interest rate type	Value (PLN '000)	Percentage by reference to portfolio
Variable interest rate	322,753	100.00%
Fixed interest rate	0	0.00%
SUM	**322,753**	**100.00%**

Source: The Issuer

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

Amendment 49: page 61, Chapter VII, Section 1.5

The following new table shall be added under Table 23a:

Table 23b The portfolio of receivables provided as financial collateral of public sector covered bonds by type of the borrower * as at 31.12.2016

Borrower	Value (PLN '000)	Percentage
directly to local governmental units	73,239	22.69%
guaranteed by local governmental units	249,515	77.31%
SUM	**322,753**	**100.00%**

Source: The Issuer

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

Amendment 50: page 72, Chapter IX, Section 1

The following shall be 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 2016). The financial data for the period from 1st January 2017 to 31st January 2017 has not been reviewed or audited by the auditor.

Amendment 51: page 72, 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 2016 until 29th February 2016" and the text that follows, the following new section heading and text describing the Issuer's financial position in the period from 1st January 2017 to 31st January 2017 shall be added:

2.1b General description of the Issuer's financial position in the period from 1st January 2017 to 31st January 2017

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 2017 to 31st January 2017.

As at the end of January 2017, the loan portfolio volume (including off-balance-sheet items) grew by almost PLN 10,886 thousand (up 0.10%) relative to the end of 2016. Total on-balance-sheet and off-balance-sheet exposure (commercial loans, housing loans, loans granted to local government units) reached PLN 10,692,312 thousand as at the end of January 2017, and the value of loans granted until 31st January 2017 was PLN 194,801 thousand (Table 25b).

As at the end of January 2017, the total commercial loan portfolio contracted by 2.02% on the end of December 2016, totalling PLN 5,643,493 thousand as at the end of January 2017. As at the end of January 2017, loans for financing of commercial real estate accounted for 52.78% of the Bank's entire loan portfolio.

The total housing loan portfolio grew to PLN 4,719,373 thousand as at the end of January 2017, by 2.77% on the end of December 2016. Housing loans accounted for 44.14% of the Bank's total loan portfolio as at 31st January 2017.

The total portfolio of loans to local government units as at the end of January 2017 was PLN 319,727 thousand, having shrunk 0.65% from the level reported at the end of December 2016. Loans to local government units accounted for 2.99% of the Issuer's total loan portfolio as at 31st January 2017.

The general trend in the currency structure of the total loan portfolio is a high share of loans denominated in PLN, which accounted for 65.78% of total loans as at the end of January 2017. On the other hand, foreign currency loans accounted for 34.22% of the total loan portfolio, and included mainly loans in EUR (33.49% of the portfolio) (Table 26b).

The average LTV ratio in the case of commercial loans advanced in January 2017 was 76.04%. No LTV ratio could be determined for the corresponding period of the previous year as the Issuer did not grant any commercial loan in January 2016 (Table 27b).

The ratio of mortgage lending value to market value for commercial loans advanced in January 2017 was 73.92% (no such ratio could be determined for the corresponding period of 2016 as no new commercial loan agreements were signed in January 2016 (Table 27b).

The value of loan agreements signed in January 2017 was PLN 194,801 thousand, including PLN 41,218 thousand representing the value of two commercial loans related to residential projects. In January 2017, the Bank also signed 485 housing loan agreements with a value of PLN 153,583 thousand (Table 27b).

Amendment 52: page 73, Chapter IX, Section 2.1

The following new table shall be added under Table 25a:

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

Product		31.01.2017	31.12.2016	Change (%) 31.01.2017/ 31.12.2016
Commercial loans	*On-balance-sheet exposure*	4,617,714	4,710,560	-1.97%
	Off-balance-sheet exposure	1,025,779	1,049,123	-2.23%
	Total exposure	**5,643,493**	**5,759,683**	**-2.02%**
Housing loans	*On-balance-sheet exposure*	4,492,512	4,371,412	2.77%
	Off-balance-sheet exposure	226,862	220,798	2.75%
	Total exposure	**4,719,373**	**4,592,210**	**2.77%**
Loans granted to local government units	*On-balance-sheet exposure*	319,727	321,826	-0.65%
	Off-balance-sheet exposure	0	0	0.00%
	Total exposure	**319,727**	**321,826**	**-0.65%**
Total	*On-balance-sheet exposure***	9,439,671	9,411,505	0.30%
	Off-balance-sheet exposure	1,252,641	1,269,921	-1.36%
	Total exposure	**10,692,312**	**10,681,426**	**0.10%**

Source: The 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.*

*** 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 9,718.34 thousand as at 31st January 2017.*

***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 7,706.13 thousand as at 31st December 2016.*

Amendment 53: page 73, Chapter IX, Section 2.1

The following new table shall be added under Table 26a:

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

Product	31.01.2017			31.12.2016		
	PLN	EUR	USD	PLN	EUR	USD
Commercial loans	35.59%	63.09%	1.31%	35.26%	63.40%	1.34%
Housing loans	99.56%	0.35%	0.09%	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)	**65.78%**	**33.49%**	**0.73%**	**64.87%**	**34.37%**	**0.76%**

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

Amendment 54: pages 73-74, Chapter IX, Section 2.1

The following new table shall be added under Table 27a:

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

Product	01.01.2017-31.01.2017		01.01.2016-31.01.2016	
	value**	number	value**	number
Commercial loans	**41,218**	**2**	**0**	**0**
including:				
- construction projects	0	0	0	0
- real estate refinancing	0	0	0	0
- land purchase	0	0	0	0
- loans to residential developers	41,218	2	0	0
Housing loans	**153,583**	**485**	**61,505**	**210**
Total	**194,801**	**487**	**61,505**	**210**

Source: The 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 rate.*

Amendment 55: page 74, Chapter IX, Section 2.1

The following new table shall be added under Table 28a:

Table 28b Issuer's performance indicators*

	31.01.2017**	31.01.2016
Return on assets gross (ROA gross)	0.00%	0.40%
Return on equity gross (ROE gross)	0.04%	4.43%
Cost to income ratio (C/I)	99.36%	33.01%
Net interest margin	1.31%	1.36%
Cost of risk	-0.22%	0.95%
Capital adequacy ratio	14.46%	15.17%

Source: The 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 31.12.2016 and 31.01.2017) are not comparable with the ratios for the corresponding period of the previous year.*

Amendment 56: pages 74-75, Chapter IX, Section 2.1

The following new table shall be 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 31.01.2017) - calculated as the sum of the value of assets as at 31.12.2016 and 31.01.2017 / 2 months* *Average assets (as at 31.01.2016) - calculated as the sum of the value of assets as at 31.12.2015 and 31.01.2016 / 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 31.01.2017) - calculated as the sum of the value of equity as at 31.12.2016 and 31.01.2017 / 2 months* *Average equity (as at 31.01.2016) - calculated as the sum of the value of equity as at 31.12.2015 and 31.01.2016 / 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 operating income - other operating 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 31.01.2017) - calculated as the sum of the value of interest-earning assets as at 31.12.2016 and 31.01.2017 / 2 months* *Average interest-earning assets (as at 31.01.2016) - calculated as the sum of the value of interest-earning assets as at 31.12.2015 and 31.01.2016 / 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 31.01.2017) - calculated as the sum of the value of loans and advances granted to clients in the period from 01.12.2016 to 31.01.2017 / 2 months* *Average loans and advances to clients (as at 31.01.2016) - calculated as the sum of the value of loans and advances granted to clients in the period from 01.12.2015 to 31.01.2016 / 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.*
Capital adequacy ratio	*Capital adequacy ratio = own funds / total risk exposure amount*	*The total risk exposure calculated as at 31.01.2017 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 specialized 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.* *The total risk exposure calculated as at 31.01.2016 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 specialized 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 57: page 76, Chapter IX, Section 2.2

The following shall be added after the last paragraph beginning "On 11th May 2016 the Issuer made a public, four-year issue (...)":

The following significant changes in the Issuer's financial position took place after the end of 2016:

On 1st February 2017, the Bank carried out a public issue of seven-year fixed-rate mortgage covered bonds with a nominal value of EUR 24.9 million.

On 30th January 2017, the Issuer entered into a new hedging relationship to hedge against interest rate risk. The hedged item is the fixed-rate mortgage covered bonds with a nominal value of EUR 24.9 million, issued on 1st February 2017. The hedge is an IRS contract with a nominal value of EUR 24.9m, which exchanges fixed-rate interest payments for floating-rate interest payments.

On 8th February 2017, the Extraordinary General Meeting of mBank Hipoteczny S.A. passed Resolution No. 1 to increase the Bank's share capital and disapply the existing shareholders' pre-emptive rights. Under the resolution, the share capital of mBank Hipoteczny S.A. was increased by PLN 12,000 thousand, to PLN 321,000 thousand, through the issue of 120,000 ordinary registered shares with a par value of PLN 100 and issue price of PLN 1,000 per share. The new shares were offered for subscription to mBank S.A. in a private placement. The shares were fully paid-up on 27th February 2017.

On 8th February 2017, the Issuer's Extraordinary General Meeting of elected Mr Jakub Fast as member of the Supervisory Board of the tenth term of office, following the resignation by Mr Dariusz Solski as a Supervisory Board member with effect from 7th February 2017.

Amendment 58: page 77, Chapter IX, Section 3.1.1

The following shall be 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. In 2016, Poland's GDP grew by 2.8% year on year, compared with a 3.6% growth recorded in 2015. According to forecasts of the Gdańsk Institute for Market Economics (IBnGR), in 2017 the GDP growth will slightly accelerate, to 3.0%, and in 2018 an improvement of the economic conditions is expected, with the GDP growth rate projected at 3.2% *(source: Gdańsk Institute for Market Economics "Stan i prognoza koniunktury gospodarczej" No. 93 (February 2017) http://www.ibngr.pl/content/download/2237/20537/file/PROGNOZY_2017.1.pdf*). Faster economic growth may have a positive effect on the conditions in the construction industry, and consequently on the commercial and residential property segment, boosting employment and salaries, which ultimately may stimulate the demand for mortgage loans provided by the Issuer to finance the purchase of properties (both commercial and residential).

- According to the Gdańsk Institute for Market Economics, in 2016 the unemployment rate in Poland was 8.3%, down from 2015. In 2017, the situation on the job market is expected not to improve due to the economic slowdown seen in the second half of 2016 and no improvement in macroeconomic conditions in the first quarter of 2017. For the whole of 2017, the unemployment rate will be 8.3%, and in 2018 it will grow to 8.6%. Moreover, the average employment growth rate will be much slower: 1.5% in 2017 and 1.3% in 2018, compared with 2.3% in 2016. Higher unemployment may have a negative effect on demand for residential properties, and thus lead to lower interest in mortgage loans.

- As at the end of 2016, the average annual inflation rate was -0.6% (a deflation, i.e. a decrease in the average level of consumer prices). However, in 2017 and 2018 inflation is forecast to rise to 1.3% and 2.2%, respectively *(source: Gdańsk Institute for Market Economics "Stan i prognoza koniunktury gospodarczej" No. 93 (February 2017).*

- In March 2015, the Monetary Policy Council cut the base interest rates applied by the National Bank of Poland, triggering a reduction of the interest rates charged on the loans provided by the Issuer. In January 2016, new members of the Monetary Policy Council were elected. The new Council decided to keep the interest rates unchanged (at 1.5% throughout 2016), which has had a positive effect on the sale of mortgage loans and timely discharge of obligations by borrowers.

- Exchange rates are another factor of key importance for 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 (64.74% as at 31st December 2016) of the commercial loans granted by the Issuer are advanced in foreign currencies, which might adversely affect 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 2016, the base interest rate in the euro zone was 0.00%[1]. In the United States, the interest rate was 0.5% until 14th December 2016, when the Federal Reserve raised it to 0.75%[2].

Amendment 59: page 78, Chapter IX, Section 3.1.2

The following shall be added before the existing text:

- 2016 was a record-breaking year in terms of the number of dwellings sold and number of dwellings marketed. In six largest cities of Poland, the number of dwellings sold was PLN 61.9 thousand (up 20% year on year), whereas 52.7 thousand new dwellings were marketed (up 8% year on year). The increase in supply of dwellings outpaced strong demand. The number of dwellings marketed in 2016 was 65 thousand, 25.2% higher compared with the previous year, this being a consequence of investment decisions made by developers in earlier periods[3].

- At the end of the third quarter of 2016, the government adopted the National Housing Programme announced earlier, however not all regulations concerning the programme were ready by the end of the year (for instance the act regulating the functioning of the *Mieszkanie PLUS* programme in the part relating to flats with an ownership title purchase option, regulations concerning municipal housing resources and the Building Code).

- As part of the next phase of implementation of Regulation S, which contains guidance for banks issued by the Polish Financial Supervision Authority in June 2013, starting from 1st January 2017 to obtain a housing loan borrowers are required to make a down payment of no less than 20%, though there is still the possibility to provide a down payment of just 10% if another 10% of the mortgage value is secured (e.g. by the borrower taking out small down payment insurance to ensure that the loan to equity value does not exceed 90%).

- In 2016, the Home for the Young (*Mieszkanie dla Młodych*) government help-to-buy scheme, dedicated to married couples and single persons of up to 35 years of age, enjoyed considerable popularity. Under the scheme, homebuyers could benefit from a government subsidy helping them finance their down payment and thus buy their first flat or single-family house. Following the government's announcement to close the programme in 2017, the funds available to homebuyers under the scheme in 2016 were disbursed within three months.

- As regards the funds earmarked for 2017, totalling PLN 746 million, their first portion was disbursed already in 2016, and the period of acceptance of applications for the balance of the funds to be distributed in 2017 (PLN 346 million) was closed by Bank Gospodarstwa Krajowego on February 1st 2017. As the pool of funds allocated for 2017 has been exhausted, the amount remaining available for disbursement to borrowers is

[1] The European Central Bank,https://www.ecb.europa.eu/stats/monetary/rates/html/index.en.html
[2] FED, http://www.global-rates.com/interest-rates/central-banks/central-bank-america/fed-interest-rate.aspx
[3] mBank Hipoteczny S.A., Analysis of the Housing Market in Six Main Cities: Warsaw, Kraków, Łódź, Wrocław, Poznań, Gdańsk.

PLN 207 million. This is the first portion of the funds allocated for 2018 (totalling PLN 762 million) and by the end of January had been disbursed in 23.2%. According to forecasts by REAS analysts, government contributions available under the Home for the Young scheme will cease to support sales of dwellings already in the second quarter of 2017. In 2018, the funding available under scheme will ultimately cease to support demand on the housing market.

- According to data by the Central Statistics Office, in 2016 the number of dwelling completions was 162.7 thousand (up by 10.2% year on year), of which private individuals completed 78.1 thousand dwellings (down 2.1% year on year), and property developers – nearly 78.5 thousand dwellings (25.7% more compared with 2015).
Furthermore, in 2016 the number of issued building permits and registered notifications with building plans and specifications was 211.6 thousand (up 12.0% year on year). Also the number of dwelling commencements rose (to 173.9 thousand, i.e. 3.3% more than in 2015).

- In addition, in 2016 demand for development land remained as strong as in the previous year, particularly in the largest cities. Given high demand and limited supply of attractive land, prices of land kept growing. Developers' activity seen last year with respect to purchase of land plots should translate into a higher number of building permits and new projects starting in 2017. According to Central Statistics Office data, in 2016 the number of building permits issued to developers rose in 2016 to 106.6 thousand (+9.7% year on year), but the number of dwelling commencements fell to 85.5 thousand dwellings (-1.2% year on year)[4].

- The Central Statistics Office data for January 2017 show record levels of developer activity in the residential construction segment. In the first month of the year, the number of dwelling completions was 14.4 thousand (up 12.5% compared with January 2016). The number of issued building permits or registered notifications with building plans and specifications was 15.1 thousand (a strong growth of 47.8% on January 2016) and the number of dwelling commencements rose to 11.2 thousand (up 55.0% relative to the corresponding month of 2016). According to Central Statistics Office's estimates, at the end of January 2017 the number of dwellings under construction was 728.6 thousand, up 1.9% year on year.

- On the commercial property market, in 2016 the transaction volume exceeded EUR 4.6 billion, the second best result in history (the highest transaction volume, of EUR 5 billion, was recorded in 2006). In 2016, the strongest investor activity was seen in the retail property and office property market segments. The value of transactions executed in 2016 in the retail property segment was EUR 1.96 billion (43.3% of all transactions on the commercial property market), and in the office property segment – EUR 1.8 billion (more than 39.7% of the value of all transactions executed on the commercial property market last year). The warehouse space market, with a transaction volume of EUR 0.77 billion, accounted for over 17.0% of all transactions. The attractiveness of the Polish property market is confirmed by the fact that it attracts strong interest from foreign investors (especially the commercial property market)[5].

- In 2016, supply of office space reached record levels. Newly completed office space in the eight largest cities of Poland (excluding Warsaw) was 491 thousand m^2 (up 34% on 2015), and the total stock of modern office space in those cities exceeded 3.92 million m^2. Demand for office space remained high – total space leased in transactions made in 2016 was 585 thousand m^2. The average vacancy rate in 2016 was 10.8% (up by only 1.7pp on the previous year), and rent rates remained stable. Forecasts for 2017 are optimistic. According to Cushman & Wakefield analysts, new supply of office space should remain relatively unchanged from 2016, mainly due to high demand and strong developer activity. Warsaw is the largest office space market in Poland, with total stock of over 5.0 million m^2 at the end of 2016. New office space built in Warsaw last year was 407 thousand m^2, and the forecast supply growth in 2017 and 2018 is about 300 thousand m^2 per year. On the back of strong supply, the vacancy rate in Warsaw rose to 14.2% (+2pp on 2015). Investors' interest not only in the capital city, but also in regional markets, emerged as a visible trend.

- Poland's retail space market is becoming a mature market. According to a Cushman & Wakefield report on Poland's retail property market, total retail space completed in 2016 was 460.6 thousand m^2, down 30% year

[4] Central Statistics Office, Residential Construction in January-December 2016.
[5] JLL Polska, http://www.propertynews.pl/biura/polska-liderem-regionu-pod-wzgledem-transakcji-inwestycyjnych-w-2016-r,52222.html

on year. Furthermore, compared with 2015, retail space stock grew only 3.5%, the lowest recorded annual retail space growth rate. In the whole of 2016, 22 new retail projects were opened, including 15 shopping centres, two shopping parks and five detached stores. Just like in 2015, also in 2016 most of the newly completed retail projects were located in the main urban areas (as much as 57% of the space supplied in 2016 was built in cities with population in excess of 400,000). Furthermore, in order to adapt older retail facilities to the market's requirements, their owners embarked on various extension, remodelling and re-commercialization projects: in 2016 extension work was carried out and completed at 13 shopping centres. Mixed-use projects, combining retail, office and cultural functions, still enjoyed considerable popularity. Demand for retail space remained high as 22 new brands entered the Polish market while several chains withdrew from Poland. Vacancy rates in the retail property segment remained low, ranging from 1.6% in Warsaw to 5.2% in Poznań, with the average vacancy rate at about 3.0% in 2016 *(according to data by CBRE, Poland Retail, Q4 2016).*Retail projects with a total space of 557.8 thousand m^2, scheduled to be opened in 2017, are still under construction. The total value of investment projects in the retail sector in 2017 is estimated at about EUR 2 billion, down 11% year on year.

- On the other hand, forecasts for the warehouse space market are highly optimistic given the strong attractiveness of this market segment for foreign investors. 2016 was a record-breaking year both in terms of supply and demand in this market segment. Total supply of warehouse space delivered to the market in 2016 was 1.2 million m^2 (up 33.9% compared with 2015). At the end of 2016, warehouse space stock totalled 11.2 million m^2. Developer activity remains high as new projects are under way. In 2016, the largest amount of new warehouse space was completed in Warsaw (more than 240 thousand m^2), Upper Silesia (228.1 thousand m^2), Poznań (206.4 thousand m^2), and in the Łódź area (172.4 thousand m^2). Vacancy rates at the end of 2016 rose by 0.8pp to an average rate of 5.4%, while rental rates in the key markets remained stable. A vast majority of projects on the warehouse property market are *Build To Suit* (BTS) projects. Other formats gaining popularity are *Build-to-Own* (a developer is engaged to build a warehouse for a client who will then own it), as well as projects which combine the office and warehouse functions. Tenant interest is focused on three regions: Central Poland, the Warsaw area and Upper Silesia (which jointly account for about 54% of total demand at the end of 2016). At the end of 2016, projects comprising about 1.45 million m2 of modern warehouse space were still under way, of which nearly 75% of the space under construction was pre-leased, while the rest were speculative projects. In 2017, experts expect to see higher interest in smaller markets (Toruń, Bydgoszcz, Lublin, Rzeszów and Szczecin), with demand for warehouse space remaining relatively flat compared with last year's levels[6].

Amendment 60: page 80, Chapter IX, Section 3.1.3

Before the paragraph beginning "The value of all covered bonds in trading amounted to PLN 5.37 billion at the end of 2015 (…)", the following text shall be added:

- As at the end of 2016, the total value of all covered bonds in trading was PLN 9.08 billion, of which covered bonds worth PLN 4.56 billion were issued by the Bank, accounting for a market share of more than 50.21%. The remainder were covered bonds issued by PKO Bank Hipoteczny (PLN 3.24 billion, market share of 35.71%) and covered bonds issued by Pekao Bank Hipoteczny (PLN 1.28 billion, market share of 14.08%). A majority of covered bonds currently in trading have maturities ranging from four to seven years.

Amendment 61: pages 80-81, Chapter IX, Section 3.1.4

The following text shall be added after the last paragraph:

- In connection with the expiry of the last series of public sector covered bonds, on 28th September 2016 Fitch Ratings Ltd. stopped assigning ratings to the public sector covered bond programme.
- On 18th January 2017, Fitch Ratings Ltd. confirmed the Bank's ratings. The national ratings (equivalent to international ratings) assigned by Fitch are AA-(pol) with stable outlook (long-term credit rating) and F1+(pol) (short-term credit rating).

[6] Colliers International, Market Insights, Annual Report 2017 – Warehouse Property Market Poland, Summary of Year 2016

Amendment 62: page 83, Chapter IX, Section 3.2

The following text shall be added at the end of the last paragraph:

The Bank completed all material work related to the implementation of Recommendation W, thus ensuring compliance of its operations with the provisions of the Recommendation. In 2016, the Bank performed a gap analysis, updated its Models Management Policy and other key regulations in the models management area, and defined a list of models with assigned materiality, risk exposure and model risk levels. On 12th July 2016, the Model Risk Committee was appointed as the body responsible for approving material aspects related to the use of models, within the scope assigned by the Bank's Management Board. The Bank defined its tolerance to the aggregate model risk level, which was accepted by the Supervisory Board on 5th December 2016 by way of approval of the Bank's Models Management Policy. The Issuer also built an application called "Register of Models to maintain a model register and model logs".

The following two paragraphs shall be added after the existing text:

- In connection with the implementation of the "Covered Bonds" project, the Bank made a decision to implement a new IT solution dedicated to the Covered Bond Collateral Register (the "New Covered Bond Collateral Register" project). This solution enables the Issuer to manage the process of classification of a debt from the moment it arises to its entry in the register, including its measurement and audit. The entire process is fully automated.

- Intensive work on a project to prepare and implement required changes in connection with the entry into force of IFRS 9 Financial Instruments as of 1st January 2018 (replacing IAS 39 Financial Instruments: Recognition and Measurement). The new standard introduces material changes with respect to the rules of classification and measurement of financial instruments (in particular financial assets), a new model for the recognition of impairment of financial assets, and a new approach to hedge accounting.

- Project to transfer corporate clients' bank accounts in connection with the entry into force, on October 9th 2016, of the Act on the Bank Guarantee Fund, Deposit Guarantee Scheme and Mandatory Restructuring, dated 10th June 2016. In accordance with Art. 348 of this Act, specialised mortgage banks are no longer authorised to operate bank accounts, therefore the Issuer had to terminate all escrow account agreements under which it maintained escrow accounts for its commercial clients within a time limit defined in the new act. Given the terms of the loan agreements to which the Bank was party, the Bank was required to ensure that the loans are serviced via accounts offering the same functionality held elsewhere. Therefore, the Issuer proposed that the loans continue to be serviced via accounts that opened with and operated by mBank S.A.

- Implementation of the new ELIXIR system user application in November 2016, which was the largest technology change implemented at the Bank since the implementation of the first version of an electronic settlement system. The purpose of the changes in the interbank settlement system was to streamline the processing of orders and introduce improvements.

Amendment 63: pages 84-85, Chapter IX, Section 4

At the end of the paragraph beginning "In 2015 the Bank continued to work to build a new portfolio of mortgage retail loans (...)", the following new sentence shall be added:

In 2016, the Issuer continued to build a new portfolio of retail mortgage loans acquired as part of its cooperation with mBank. In 2016, the Bank took over another four retail loan portfolios under the pooling model.

At the beginning of the paragraph beginning "In the period from 2016 to 2019, the Bank will gradually restrict the financing of (...)", the following new sentence shall be added:

In 2016–2019, the Bank will be gradually reducing the financing of projects with a value of less than PLN 10 million, and instead it will focus on projects with a value in excess of PLN 10 million (including the limit for derivative transactions) that do not exceed the credit concentration limit (currently at EUR 40 million).

After the paragraph beginning "The Bank will use its own experience and the experience of the mBank Group (...)", the following shall be added:

In the second half of 2016, considerable changes were made to the process of sale of mortgage loans offered within the mBank Group. mBank S.A. discontinued offering mortgage-backed products, which means that now all mortgage loans offered to individuals (excluding the Private Banking area) by the mBank Group entities are now processed only by mBank Hipoteczny S.A.

In connection with the planned Mortgage Loan Act, the Bank will consider making certain changes to its retail loan sales strategy depending on the final provisions of the new act.

Before the paragraph beginning "The Bank's activities in the years 2016-2019 will be financed (...)", the following shall be added:

The Bank will finance its operations in 2016−2019 from the following five main sources:

- covered bonds, including:
  - (i) backed by retail mortgage loans (denominated in PLN),
  - (ii) backed by commercial mortgage loans (denominated in PLN, EUR),
- own bonds,
- long-term credit lines (denominated in PLN, EUR),
- a subordinated loan from mBank S.A.,
- equity.

At the end of the paragraph beginning "Planned issues are denominated both in PLN and EUR (...)", the following text shall be added:

Covered bonds will be offered in public offerings or in private placements, and both to domestic and foreign investors. Covered bonds offered in public offerings will be introduced to trading on regulated markets.

The Bank will not finance its operations with client deposits. In 2016, the process of transfer of corporate client deposits and accounts to mBank was completed.

Amendment 64: pages 83-85, Chapter IX, Section 5

The following new sentence shall be added before the existing text:

From 31st December 2016 to the date of approval of this Supplement, other than those described in Section 2.2 of this Chapter, there were no significant changes in the Issuer's financial or economic standing.

Amendment 65: page 91, Chapter XII, Section 1

A new paragraph shall be added at the end:

The Issuer's Financial Statements for 2016 have been audited by auditor Agnieszka Accordi-Krawiec (Reg. No. 11665), representing PricewaterhouseCoopers sp z o.o. of Warsaw, Al. Armii Ludowej 14, 00-638 Warsaw.

Amendment 66: page 91, Chapter XII, Section 2

The following new paragraph shall be added at the beginning:

On 13th June 2016, mBank Hipoteczny S.A. entered into an agreement with PricewaterhouseCoopers spółka z ograniczoną odpowiedzialnością, providing for an audit, review and verification of the Bank's financial statements, including:

1) audit of the Bank's Separate Financial Statements for the period from 1st January 2016 to 31st December 2016, and from 1st January 2017 to 31st December 2017, with a view to preparing the auditor's opinion and report on the financial statements
2) review of the Condensed Separate Financial Statements for the financial periods from 1st January 2016 to 30th June 2016 and from 1st January 2017 to 30th June 2017, with a view to preparing the auditor's review report.

Amendment 67: 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 shall be added:

The Issuer's audited financial statements for the period from 1st January 2016 to 31st December 2016, along with the auditor's opinion, are included in the Prospectus by reference to the Issuer's annual report for 2016, which is posted on the Issuer's website at: www.mhipoteczny.pl/relacje-inwestorskie/raporty-okresowe.

Amendment 68: page 94, Chapter XV

A new indent shall be added at the end:

- a copy of the Issuer's audited financial statements for 2016 together with the audit opinion and report.