

## BASE PROSPECTUS



### **Santander Bank Polska S.A.**

*(incorporated as a joint stock company in the Republic of Poland)*

**EUR 5,000,000,000**

### **Euro Medium Term Note Programme**

Under this EUR 5,000,000,000 Euro Medium Term Note Programme (the **Programme**), Santander Bank Polska S.A. (the **Issuer** or the **Bank**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Overview" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

This Base Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**), which is the Irish competent authority under Regulation (EU) 2017/1129 (the **EU Prospectus Regulation**). The Central Bank has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Notes that are subject of the Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, **MiFID II**) and/or which are to be offered to the public in any Member State of the European Economic Area. This Base Prospectus is valid for a period of 12 months from the date of approval. The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. The obligation to prepare a supplement to this Base Prospectus in the event of any significant new factor, material mistake or inaccuracy does not apply when the Base Prospectus is no longer valid.

Application has been made to the Irish Stock Exchange trading as Euronext Dublin (**Euronext Dublin**) for Notes issued under the Programme within twelve months after the date hereof to be admitted to the official list (the **Official List**) and to trading on the regulated market of Euronext Dublin. The Regulated Market of Euronext Dublin is a regulated market for the purposes of MiFID II. This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the EU Prospectus Regulation. Application may also be made to the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*, the **WSE**) for the Notes to be listed and admitted to trading on the regulated market of the WSE. The regulated market of the WSE is a regulated market for the purposes of MiFID II. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

The Final Terms (as defined below) for each Tranche (as defined below) of Notes will state whether the Notes of such Tranche are to be: (i) Senior Notes, (ii) Senior Non-Preferred Notes, (iii) Senior Subordinated Notes or (iv) Tier 2 Subordinated Notes.

As at the date of this Base Prospectus, the Issuer has been assigned a rating of BBB+ (stable) by Fitch Ratings Ireland Limited, acting through its Polish branch, Fitch Ratings Ireland Limited, spółka z ograniczoną odpowiedzialnością oddział w Polsce (**Fitch**) and A3 (stable) by Moody's Deutschland GmbH (**Moody's**). For further information on the meaning of these credit ratings, please see "*General information – Credit Ratings*". Fitch and Moody's are established in the European Economic Area (the **EEA**), registered under Regulation (EC) No 1060/2009, on credit rating agencies (the **EU CRA Regulation**) and are, as of the date of this Base Prospectus, included in the list of credit ratings agencies published by ESMA on its website <http://www.esma.europa.eu> in accordance with the EU CRA Regulation. Ratings assigned by Fitch and Moody's are endorsed by Fitch Ratings Limited and Moody's Investors Service Limited, respectively, which are established in the United Kingdom (the **UK**) and registered under the EU CRA Regulation as it forms part of domestic law by virtue of the European Union Withdrawal Act 2018 (the **EUWA**) (the **UK CRA Regulation**) and appear on the list of credit rating agencies registered or certified with the FCA published on its website <https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras>. Fitch Ratings Limited and Moody's Investors Service Limited are not registered with ESMA under the EU CRA Regulation.

Tranches of Notes (as defined in "*Terms and Conditions of the Notes*") to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms (as defined herein). Such rating will not necessarily be the same as the rating(s) assigned to the Issuer, the Programme or to Notes already issued.

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

***INVESTING IN NOTES ISSUED UNDER THE PROGRAMME INVOLVES CERTAIN RISKS. THE PRINCIPAL RISK FACTORS THAT MAY AFFECT THE ABILITIES OF THE ISSUER TO FULFIL ITS RESPECTIVE OBLIGATIONS UNDER THE NOTES ARE DISCUSSED UNDER "RISK FACTORS" BELOW.***

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except in certain transactions exempt from the registration requirements of the Securities Act.

*Notice to persons affiliated with the Issuer:* Persons affiliated with the Issuer, within the meaning of Article 11a(1)(4) of the CIT Act dated 15 February 1992 (the **CIT Act**) and Article 23m(1)(4) of the Personal Income Tax Act dated 26 July 1991 (the **PIT Act**), that hold, jointly with other affiliated persons, more than 10 per cent. of the nominal value of the Notes do not benefit from the exemption from Polish corporate income tax provided by Article 17(1)(50c) of the CIT Act and personal income tax provided by Article 21(1)(130c) of the PIT Act, as described under "*Taxation*" below.

**Arranger and Permanent Dealer**

**BANCO SANTANDER, S.A.**

The date of this Base Prospectus is 7 July 2021.

## IMPORTANT NOTICES

### ***Responsibility for this Base Prospectus***

The Issuer accepts responsibility for the information contained in this Base Prospectus and any Final Terms and declares that, to the best of its knowledge, the information contained in this Base Prospectus is, in accordance with the facts and the Base Prospectus makes no omission likely to affect its import.

References herein to the "Base Prospectus" are to this document.

The Issuer has confirmed to the Arranger and Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all necessary information which is material to an investor for making an informed assessment of the assets and liabilities, profits and losses, financial position and prospects of the Issuer; of the rights attaching to the Notes; and the reasons for the issuance of the Notes and its impact on the Issuer; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

The Issuer has further confirmed to the Dealers that this Base Prospectus contains all such information as may be required by all applicable laws, rules and regulations.

### ***Final Terms/Drawdown Prospectus***

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the **Conditions**) as completed by a document specific to such Tranche called final terms (the **Final Terms**) or as amended and/or replaced in a separate prospectus specific to such Tranche (the **Drawdown Prospectus**). In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus must be read and construed with any amendment or supplement thereto and with any other information incorporated by reference and, in relation to any Series (as defined below) of Notes, should be read and construed together with the relevant Final Terms.

### ***Unauthorised information***

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, Arranger or any Dealer.

Neither the Arranger, the Dealers, nor any of their respective affiliates, nor any other party other than the Issuer, has authorised the whole or any part of this Base Prospectus and no other party makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base

Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

### ***Restrictions on distribution***

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) (except in certain transactions exempt from the registration requirements of the Securities Act).

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

### ***Product Governance under MiFID II***

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **EU MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The Final Terms or Drawdown Prospectus, as the case may be in respect of any Notes may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

### ***Product Governance under UK MiFIR***

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

The Final Terms or Drawdown Prospectus in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

**IMPORTANT – EEA RETAIL INVESTORS** - If the Final Terms (Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT - UK RETAIL INVESTORS** – If the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

### ***EU Benchmarks Regulation***

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the EU Benchmark Regulation. The registration status of any administrator under the EU Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator).

### ***Programme limit***

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into EUR at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement as defined under "*Subscription and Sale*"). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

### ***Product Classification Pursuant to Section 309b of the Securities and Futures Act (Chapter 289 of Singapore), as amended or modified from time to time***

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended or modified from time to time, the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Final Terms in respect of any Notes may include a legend entitled "*Notification under section 309B(1)(a) of the Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Notes pursuant to Section 309B(1) of the SFA). The Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for the purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA. The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) of the SFA. Any such legend included on the applicable Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA. Unless otherwise stated in the applicable Final Terms, all Notes shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### ***Bail-in Tool***

As a result of the implementation of the BRRD (as defined herein) into Polish law or the law of any other relevant jurisdiction, holders of the Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool and non-viability loss absorption, which may result in such holders losing some or all of their investment. See "*Risk Factors – The Bank and the Group may be unable to satisfy its or their required minimum capital adequacy ratios, The implementation of the Bank Recovery and Resolution Directive into Polish law may adversely affect the Group's business, financial condition, results of operations or prospects, The Bank may be required to implement a recovery plan under Polish banking law*" and Condition 25 (*Agreement and Acknowledgment with Respect to the Exercise of Bail-in Tool*).

### ***Third party information***

Any information sourced from third parties contained in this Base Prospectus has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### ***Language of the Base Prospectus***

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

### *Certain definitions*

In this Base Prospectus, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area, references to **U.S.\$, U.S. dollars or dollars** are to United States dollars, references to **£, GBP and Pounds Sterling** are to the lawful currency of the UK, references to **€, EUR or euro** are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended, and references to **PLN or Polish Zloty** are to Polish Zloty.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

### *Ratings*

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or by a credit rating agency which is certified under the EU CRA Regulation, and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation, will, in each case, be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

### *Stabilisation*

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*", "*Description of the Group*" and other sections of this Base Prospectus. The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Base Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

If one or more of the risks or uncertainties described under "*Risk Factors*" materialise, or if underlying assumptions prove incorrect, the Issuer's actual results, performance or achievements or industry results may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. Any forward looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.



## CONTENTS

	<b>Page</b>
Important Notices .....	iii
Cautionary statement regarding forward looking statements .....	viii
Overview .....	10
Risk Factors .....	15
Information incorporated by reference .....	48
Final Terms and Drawdown Prospectuses .....	50
Use of proceeds .....	51
Selected financial information of the Issuer and overview of the Group's financial condition.....	52
Description of the Group .....	60
Market and legal environment .....	86
Forms of the Notes .....	91
Terms and Conditions of the Notes .....	99
Form of Final Terms.....	154
Summary of provisions relating to the Notes while in global form .....	168
Taxation .....	170
Subscription and Sale .....	181
General information .....	187

## OVERVIEW

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a new Prospectus will be published.*

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this summary.*

<b>Issuer:</b>	Santander Bank Polska S.A., a joint-stock company incorporated under the laws of the Republic of Poland
<b>Issuer Legal Entity Identifier:</b>	259400LGXW3K0GDAG361
<b>Risk Factors:</b>	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under " <i>Risk Factors</i> " below.
<b>Arranger:</b>	Banco Santander, S.A.
<b>Dealers:</b>	Banco Santander, S.A. and any other Dealers appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Issuing and Principal Paying Agent:</b>	The Bank of New York Mellon, London Branch
<b>Registrar and Transfer Agent:</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch
<b>Final Terms or Drawdown Prospectus:</b>	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions as completed by the relevant Final Terms or, as the case may be, as amended and/or replaced by the relevant Drawdown Prospectus.
<b>Listing and Admission to Trading:</b>	Application has been made to Euronext Dublin for the Notes issued under the Programme within 12 months from the date of this Base Prospectus to be admitted to the Official List and to trading on the Regulated Market. The Programme also permits Notes to be issued on the basis that they will be admitted to trading on the regulated market of the WSE or will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.
<b>Clearing Systems:</b>	Euroclear Bank SA/NV ( <b>Euroclear</b> ) and/or Clearstream Banking, S.A. ( <b>Clearstream, Luxembourg</b> and together with Euroclear, the <b>ICSDs</b> ) and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the

relevant Final Terms.

**Initial Programme Amount:** Up to EUR 5,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

**Issuance in Series:** Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will also be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

**Forms of Notes:** Notes may be issued in bearer form or in registered form. Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note (together, the **Global Notes**), in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a **Classic Global Note** or **CGN**), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a **New Global Note** or **NGN**), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms.

Each Tranche of Notes represented by a Global Registered Note will either be: (a) in the case of a Note which is not to be held under the new safekeeping structure (**New Safekeeping Structure** or **NSS**), registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about

the issue date with the common depository; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

**Currencies:** Notes may be denominated in euro or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

**Status of the Notes:** Notes may be either Senior Notes, Senior Non Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes, as more fully described in Condition 4 (*Status*).

**Issue Price:** Notes may be issued at any price. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Maturities:** Any maturity of at least one year in the case of Senior Notes, Senior Non Preferred Notes and Senior Subordinated Notes and a minimum maturity of five years in the case of Tier 2 Subordinated Notes, as indicated in the applicable Final Terms or such other minimum or maximum maturity as may be allowed or required from time to time by the relevant competent authority or any applicable laws or regulations.

**Redemption:** Notes may be redeemable at the redemption amount specified in the relevant Final Terms subject to compliance with all applicable legal and/or regulatory requirements. Early redemption will be permitted for taxation reasons or, in the case of Senior Notes if so specified in the relevant Final Terms, following an Event of Default or, in the case of Senior Notes, Senior Non Preferred Notes and Senior Subordinated Notes eligible to comply with the Applicable MREL Regulations, upon the occurrence of a MREL Disqualification Event or, in the case of Tier 2 Subordinated Notes, upon the occurrence of a Capital Disqualification Event, but otherwise early redemption will be permitted only to the extent specified in the relevant Final Terms.

Any early redemption of Senior Subordinated Notes, Senior Non Preferred Notes or Senior Notes eligible to comply with the Applicable MREL Regulations will be subject to the prior consent of the competent authorities (including relevant resolution authorities), to the extent required, in accordance with the Applicable MREL Regulations.

Any early redemption of Tier 2 Subordinated Notes will be subject to the prior consent of the Regulator to the extent required in accordance with the Applicable Banking

Regulations.

**Benchmark Discontinuation:**

In the event that a Benchmark Event occurs in relation to an particular Reference Rate where any Interest Rate (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to determining a Successor Rate, failing which an Alternative Reference Rate and any Adjustment Spread for purposes of determining the Interest Rate (or the relevant component part thereof) applicable to the Notes.

If the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate, then the Issuer may determine a Successor Rate, or if there is no Successor Rate, an Alternative Reference Rate and any Adjustment Spread, as further described in Condition 7(h).

**Interest:**

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

**Denominations:**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note which are (i) to be admitted to trading on a regulated market within the EEA or offered to the public in any Member State of the EEA in circumstances which require the publication of a prospectus under the EU Prospectus Regulation, or (ii) offered to the public in the UK in circumstances which require the publication of a prospectus under section 86 of the FSMA, the minimum specified denomination shall be EUR 100,000 (or equivalent in another currency as at the date of the issue of the Notes).

**Negative Pledge:**

The Notes will have the benefit of a negative pledge as described in Condition 5 (*Covenants*).

**Set-off:**

Holder of Notes shall not be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Notes.

**Cross-Default:**

The Senior Notes, where Events of Default are specified as applicable in the relevant Final Terms, will have the benefit of a cross-default as described in Condition 13 (*Events of Default*).

**Taxation:**

All payments of principal and interest in respect of Notes by or on behalf of the Issuer will be made without deduction for or on account of withholding taxes imposed by the Republic of Poland or any political subdivision or any authority thereof or therein having power to tax, unless the withholding is required by law. In that event, the Issuer will (subject as provided in

Condition 10 (*Payments - Bearer Notes*), Condition 11 (*Payments - Registered Notes*) and Condition 12 (*Taxation*) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

**Governing Law:**

The Notes and any non-contractual obligations arising out of in connection with the Notes will be governed by English law, except that Condition 4 (*Status*) and Condition 25 (*Agreement and Acknowledgment with Respect to the Exercise of Bail-in Tool*) are governed by Polish law.

**Ratings:**

As of the date of this Base Prospectus, the Issuer has been assigned a rating of BBB+ (stable) by Fitch and a rating of A3 (stable) by Moody's. Each of Fitch and Moody's is established in the EU and registered under the CRA Regulation.

Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the EU and registered under the CRA Regulation will be disclosed in the Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the EEA, the UK, Japan, the Republic of Poland and Singapore see "*Subscription and Sale*" below.

**Bail-in:**

The Notes may be subject to the exercise of the Bail-in Tool by the Relevant Resolution Authority, as further described in Condition 25 (*Agreement and Acknowledgment with Respect to the Exercise of Bail-in Tool*).

**Use of proceeds:**

The net proceeds from each issue of Notes will be used for the general financing purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## RISK FACTORS

*In purchasing Notes, investors assume the risk that the Bank may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Bank becoming unable to make all payments due. The Bank may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Bank's control. The Bank has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

### **Risks relating to the Bank's business activity and industry**

#### ***Deterioration in Poland's economic condition could affect the Group's business, financial condition and results of operations***

The Bank and its consolidated subsidiaries (the **Group**) conduct its operations in Poland. As a result, the macroeconomic situation in Poland has a material impact on the business, financial condition and results of operations of the Group.

The economic situation in Poland depends on a number of factors, including measures by which a government attempts to influence the economy, such as setting levels of taxation, government budgets, the money supply and interest rates as well as the labour market, the demographic situation in the country, macroeconomic conditions in the world and in Europe and the inflow of funds from the European Union.

A potential prolonged economic slowdown in Poland would damage the Group's operations. Higher unemployment and lower consumption, as well as fluctuations in the financial markets (including the currency markets), may adversely affect the financial condition of the Group's customers, which could, in turn, impair the quality and volume of the Group's loans and advances portfolios and other financial assets and result in decreased demand for the Group's products. In addition, in unstable market conditions, the value of assets securing loans already granted or to be granted by the Group, including real estate, may decline significantly.

The Group's business, as well as the successful implementation of its strategy, is highly dependent on the financial situation of its customers and their ability to repay existing loans, make deposits and acquire new financial products offered by the Group. The financial situation of Polish households, including the Group's customers, is highly correlated with the unemployment rate. An increase in the unemployment rate in Poland could cause an increase in the Group's expected credit losses or hinder growth of the Group's loans and advances portfolio.

The level of risk that is acceptable to customers may also decrease with respect to investments in securities, investment fund units or other investment products offered by the Group. Significant fluctuations or a decline in financial markets may discourage potential customers from buying investment products offered by the Group and current holders may withdraw or reduce their exposure to such products, which may have an adverse effect, in particular, on the Group's fee and commission income.

Any deterioration in economic, business, political and social conditions in Poland may have a material adverse effect on the business, financial condition and operations of the Group.

***COVID-19 outbreak could have a material adverse effect on the Group's business, results of operations and financial position***

A novel strain of coronavirus causing the COVID-19 disease (**COVID-19**), identified in China in late 2019, has spread throughout the world, impacting Asia, Europe, the Middle East and North America. On 11 March 2020, the World Health Organization confirmed that COVID-19's spread and severity had escalated to the point of a pandemic. The outbreak has resulted in authorities, including those in Poland, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, curfews, lockdowns, quarantines and shutdowns of businesses and workplaces. The duration of such restrictions is highly uncertain, but could be prolonged, and even stricter measures may be put in place. These measures have resulted in a severe decrease of global economic activity and falls in production and demand, which has led to sharp declines in the gross domestic product (**GDP**) of those countries which are most affected by the pandemic and is expected to continue to have an overall negative impact on global GDP in 2021. Other consequences include increased unemployment levels, sharp decreases and high volatility in the stock markets, disruption of global supply chains, exchange rate volatility, steady customer draws on lines of credit, decline in real estate prices, and uncertainty in relation to the future impact in regional and global economies in the medium and long term. These measures have also negatively impacted, and could continue to negatively impact, businesses, market participants, the Group's counterparties and clients, and the global economy for a prolonged period of time. Furthermore, it is unclear how the macroeconomic business environment or societal norms may be impacted after the pandemic. The post-COVID-19 environment may undergo unexpected developments or changes in the financial markets, fiscal, tax and regulatory environments as well as customer and corporate client behaviour which could have an adverse impact on the business of the Group.

Many governments and regulatory authorities, including central banks, have acted, and may further act, to provide relief from the economic and market disruptions resulting from the COVID-19 pandemic, including providing fiscal and monetary stimuli to support the global economy, lowering federal funds rates and interest rates, and granting partial or total deferral (grace period) of principal and/or interest payments due on loans. Schemes have been initiated by both the Group and the Polish government to provide financial support to the parts of the economy most impacted by the COVID-19 outbreak. At this stage it is not certain what will be the impact of these schemes on the Polish economy and the Group.

The spread of COVID-19 has led the Group to modify its operational practices, and it may take further action if required by the authorities or if it determines that this is in the best interests of its employees, customers and other stakeholders. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19, and the implementation of such measures (or their insufficiency) could harm the Group's ability to perform some of its critical functions and serve its customers. The pandemic and related counter-measures have affected and continue to affect some of the Group's customers adversely, which in some cases may be material, and which could in turn have an adverse impact on the Group (for example, through deteriorations in credit quality and higher expected credit losses).

The full economic impact of COVID-19 is outside of the Group's control and will depend on the spread of the virus and the response of the local authorities and the global community. COVID-19 had negative impact on the Polish economy and, as a result, the Group's financial results for the financial year ending 31 December 2020. As compared to the financial year ending 31 December 2019, the Group's net interest income decreased by 10.5 per cent. and its expected credit loss allowances increased by 44.6 per cent.



Additionally, unprecedented movement in economic and market drivers related to the COVID-19 pandemic impacted the performance of financial models including credit loss models, capital models, trading risk models and models used in the asset/liability management process. This has required additional monitoring and adjustments to comply with the guidance and recommendations of standard setters, regulators and supervisors, particularly for credit loss models. It also has resulted in the use of mitigants for model limitations, such as adjustments to model outputs to reflect consideration of management judgment. The performance and usage of models has been and may continue to be impacted by the consequences of the COVID-19 pandemic. While it is too early to be entirely certain of the magnitude of change required for the models of the Group, it is likely that capital, credit risk and other models will need to be adjusted. The effectiveness of such models will depend in large part on the depth and length of the economic downturn.

Moreover, the operations of the Group will continue to be impacted by risks from remote working arrangements or bans on non-essential activities. The reliance on remote working arrangements has increased cybersecurity risks given greater use of computer networks outside the corporate environment. If the Group becomes unable to successfully operate its business from remote locations including, for example, due to failures of its technology infrastructure, increased cybersecurity risks, or governmental restrictions that affect its operations, this could result in business disruptions that could have a material and adverse effect on its business.

The degree to which COVID-19 impacts the Group's results of operations, liquidity, access to funding and financial position will depend on future developments, which, as at the date of this Base Prospectus, are highly uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of COVID-19, its severity, actions taken to contain the virus or treat its impact, the extent and effectiveness of economic stimuli taken to contain the virus or treat its impact and how quickly and to what extent normal economic and business activity can resume.

#### ***The Group faces increasing competition in Poland's banking industry***

Since Poland's accession to the EU, at which time restrictions on foreign financial institutions conducting certain types of business activities were lifted, the Polish banking sector has been marked by low barriers to entry and increasing competition, which has resulted in a number of acquisitions and market entries by non-Polish financial institutions. The Group primarily faces competition in its universal banking activities, where its competitors include large Polish and international banks operating in Poland's retail, corporate and investment banking markets.

High levels of competition in the banking industry could also lead to increased pricing pressures on the Group's products and services, which would have a material adverse effect on the business, financial condition and results of operations of the Group.

In addition, in recent years the Polish banking sector has experienced an ongoing trend of consolidation, which may allow certain of the Group's competitors to benefit from an increased scale of operations.

The competitive position of banks, including that of the Bank, is also affected by other financial services providers – entities that are not banks, but which engage in the provision of financial services. While not regulated by the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*, KNF), these entities may be able to offer potential customers more attractive terms for financial services than regulated banks. As a result, the Polish banking sector is exposed to competition from non-regulated entities.

Moreover, new entrants such as fintech companies, providing online financial services, are also increasingly competing for customers and market share. The developing relationships between fintech companies and traditional banks are a noticeable trend and may have a significant impact on

the existing market structure for banking services. New entrants to the financial services market could seek to offer those financial services traditionally provided by banks.

These additional competitors are likely to add pressure on margins, especially if they are able to benefit from lower cost structures and less onerous regulatory requirements.

If the Group is unable to maintain its competitive position in the Polish banking sector, this may have a material adverse effect on the Group's business, financial condition and results of operations.

### **Risks relating to the Group's financial situation**

#### ***Claims of borrowers under mortgage loans denominated in CHF or indexed to CHF may adversely affect the Group's financial performance***

Polish banks have granted a large number of mortgages denominated in Swiss francs or indexed to Swiss francs (**CHF Mortgage Loans**). CHF Mortgage Loans were an extremely popular product due to, among other things, low interest rates. Due to the rapid appreciation of the Swiss franc, monthly instalments of CHF Mortgage Loans and the outstanding principal amounts of CHF Mortgage Loans increased significantly. For this reason, many CHF Mortgage Loan borrowers have decided to bring an action for annulment of their CHF Mortgage Loan agreements or some of their provisions. Up to the date of this Base Prospectus, there have been disparities between the decisions of courts resolving particular cases, with some decisions going in favour of borrowers and others in favour of the banks.

On 3 October 2019, in the judgment of the CJEU for Case C-260/18 concerning a mortgage credit agreement in CHF concluded by Raiffeisen Bank Polska S.A., the CJEU indicated, amongst others, that the provisions of EU law do not preclude national courts, where they find that clauses relating to the CHF Mortgage Loan indexing mechanism are abusive, from deciding to annul CHF Mortgage Loan contracts, having regard, however, to whether such annulment would expose the consumer to particularly harmful consequences. At the same time, the CJEU held that national courts cannot fill in the gaps in CHF Mortgage Loan contracts which arise after the elimination of prohibited provisions, on the basis of provisions relating to equity or established custom. The above decision of the CJEU also covered credits indexed to other currencies bearing an interest rate directly related to the interbank rate of a given currency.

In accordance with the above judgment of the CJEU, national courts should assess the abuse of clauses relating to a mechanism for indexing loans to foreign currencies or at an interest rate directly linked to the interbank rate of the currency concerned and the existence of the grounds for annulment of a credit agreement containing such mechanisms on a case-by-case basis. However, this constitutes a precedent that may facilitate enforcement of the annulment of credit agreements concluded by certain consumers before the Polish courts.

The occurrence of such a phenomenon on a mass scale may have an adverse effect on the entire Polish banking sector and, consequently, may have an adverse effect on the business, financial condition and results of operations of the Group.

As at 31 December 2020 the Group had PLN 9,853,480.0 thousand worth of retail exposures in respect of mortgage loans denominated in, or indexed to, CHF. As at 31 December 2020, there were 4,189 lawsuits pending against the Group over loans indexed to, or denominated in, a foreign currency (mainly CHF), with the disputed amount totalling PLN 847,030.0 thousand. This included two class actions: (i) a class action against the Bank in respect of 548 CHF-indexed loans, with the disputed amount of PLN 50,283.0 thousand and (ii) a class action against the Bank's subsidiary, Santander Consumer Bank S.A. (**SCB**) in respect of 31 CHF-indexed loans, with the disputed amount of PLN 38.0 thousand.

As at 31 December 2020 the Group raised provisions for legal claims relating to the above lawsuits in the amount of PLN 324,920.0 thousand. Moreover, as at 31 December 2020, the Group raised collective provisions for legal risk of PLN 278,247.0 thousand due to the higher number of cases relating to contractual clauses in agreements on loans indexed to and denominated in foreign currencies. The Bank and SCB raised provisions of PLN 191,900.0 thousand and PLN 86,347.0 thousand, respectively.

The Group made assumptions as to the likelihood of claims being made by borrowers, determined on the basis of the existing court actions against the Group and the estimated growth in their number over three years from the balance sheet date. Due to the relatively short history of observations with regard to the claims received, and given the varying ruling practice, if the time horizon is extended this may cause an excessive variability in the estimated value and preclude reliable estimation of the expected value. These assumptions are highly sensitive to a number of external factors, including but not limited to the ruling practice of Polish courts, the level of publicity around individual rulings, measures taken by the mediating law firms and the cost of proceedings. The Group also estimated the likelihood of negative rulings in relation to existing and potential claims. The estimated likelihoods differ between loans indexed to CHF and loans denominated in CHF. The Group used the support of external law firms when assessing these likelihoods. The Group considered four scenarios of possible negative court rulings:

- invalidating the clauses in the loan agreement identified as unfair, which causes the loan to be converted into PLN, with the CHF LIBOR-based interest rate being maintained;
- invalidating the entire loan agreement because it contains unfair clauses;
- invalidating the clauses in the loan agreement clauses identified as unfair regarding the foreign exchange (FX) differences determination mechanism, which causes the average NBP rate to be applied; and
- invalidating the clauses in the loan agreement identified as unfair regarding the FX differences determination mechanism, which causes the application of an objective indexation rate, estimated at 150 per cent. of the difference between the Issuer's rate and the average NBP rate.

The likelihood of any of the above scenarios also depends on whether the loan is indexed to CHF or denominated in CHF and in each case is based on a relatively small and thus statistically unrepresentative sample of rulings, and were estimated with the support of external law firms. Each of those scenarios has a statistically estimated expected loss level based on the available historical data and current information on court rulings.

In the Group's opinion, the value of potential cases is also affected by the duration of court proceedings (also estimated based on a relatively short time horizon of available statistics, which does not meet the conditions for application of quantitative methods) and the growing costs related to the instigation and continuation of court proceedings.

Due to the high uncertainty around both individual assumptions and their total impact, the Group carried out the following sensitivity analysis of the impact of variability of individual parameters on the estimated value of the provisions.

The estimates are prepared in the form of a univariate sensitivity analysis value.

Taking into account the different scenarios outlined below, the impact on the collective legal risk estimated as at 31 December 2020 is as follows:

<b>Scenario</b>	<b>Change in the collective provision</b> <i>(in PLN thousand)</i>
Tripling the number of customers filing a lawsuit	+558
Doubling the number of customers filing a lawsuit	+279
50 per cent. reduction in the number of customers filing a lawsuit	-139
Full recognition of reimbursement of the cost of principal	-42
Relative increase of 50 per cent. in likelihood of losing the case	+119
Relative decrease of 50 per cent. in likelihood of losing the case	-119
Increase of 5 per cent. in the projected value of loss	+12
Decrease of 5 per cent. in the projected value of loss	-11

For all the parameters, the variability range in the sensitivity analysis was estimated taking into account the existing market conditions. The adopted variability ranges may change depending on market developments, which may significantly affect the results of the sensitivity analysis.

Taking into account the different scenarios outlined below, the impact on the provision for individual legal claims as at 31 December 2020 is estimated as follows:

<b>Scenario</b>	<b>Change in the individual provision</b> <i>(in PLN thousand)</i>
Relative increase of 50 per cent. in likelihood of losing the case	+163
Relative decrease of 50 per cent. in likelihood of losing the case	-164
Increase of 5 per cent. in the projected value of loss	+16
Decrease of 5 per cent. in the projected value of loss	-17

At the request of the First President of the Supreme Court, the Supreme Court is expected to adopt a resolution on the key aspects of cases concerning CHF Mortgage Loans. The goal of the Supreme Court is to unify the Polish courts' position on CHF Mortgage Loans and the resolution, if adopted, will be binding upon the Polish courts. As at the date of this Base Prospectus it is not yet certain when this resolution will be adopted and what will be the decision of the Supreme Court. The model used by the Group to estimate legal risk associated with the portfolio of loans indexed to or denominated in a foreign currency takes into account different potential judgments. In particular, the Supreme Court's position may trigger revision of the model assumptions, and lead to potentially significant changes in the estimated collective and individual provisions for legal risk.

In December 2020, the Chairman of the KNF presented a proposal for voluntary settlements between banks and borrowers in respect of CHF Mortgage Loans. Under such proposal the CHF Mortgage Loans would be retroactively settled as PLN loans bearing a floating interest rate based on WIBOR increased by a margin. This proposal is currently being analysed by the Group and other Polish banks in consultation with the KNF and the Polish Ministry of Finance. The decision to proceed with the settlements will be based on various factors, including results of internal tests conducted by the Group. It will also require the consent of the Bank's General Meeting which, as of the date of this Base Prospectus, has not been granted yet. If the Group decides to enter into the settlements with borrowers under the CHF Mortgage Loans, it will take into account additional scenarios in the models for calculation of provisions for legal risk and will reflect the estimated impact on the level of those provisions. Due to the fact that the Group has not yet made a decision to commence the settlement process and due to the early stage of the ongoing discussions around possible solutions concerning financial aspects of the settlements (in particular, tax treatment of the costs arising from the proposals, the approach to the calculation of risk weighted assets for the exposures covered by the settlements, and the costs of closing the foreign exchange positions), the impact of the settlements was not reflected in the scenarios and likelihoods assumed by the Group to estimate the provisions as at 31

December 2020. The Group estimated a potential impact of the participation in the process of voluntary settlements on the Group's financial position. Assuming that all of the borrowers under the CHF Mortgage Loans choose to convert their loans as proposed by the KNF Chairman, the estimated loss suffered by the Group would be approximately PLN 3.5 billion, calculated at an exchange rate of CHF 1 to PLN 4.15.

On 2 July 2021 the Group announced that the provisions for the legal risk associated with the CHF Mortgage Loans will decrease the Group's consolidated pre-tax profit for the second quarter of 2021 by PLN 518.4 million (PLN 423 million in the case of the Bank and PLN 95.4 million in the case of SCB).

***The Court of Justice of the European Union judgment on the right of consumers to reduce the cost of a loan in the event of its early repayment will adversely affect the Group's financial performance***

Pursuant to the provisions of the Act dated 12 May 2011 on Consumer Credit, if a consumer credit is repaid in whole or in part before the term specified in the facility agreement, the total cost of the credit is reduced by those costs which relate to the period by which the term of the agreement has been shortened, even if the consumer has borne them before that repayment. In accordance with a prevailing market practice, however, Polish banks in the past did not reimburse their customers for the commissions charged for granting those loans in the case of early repayment of consumer loans.

In relation to that practice, in September 2019 the Court of Justice of the European Union (the **CJEU**) provided judgment in Case C-383/18 in response to the question referred for a preliminary ruling in which it confirmed that, in the case of early repayment of credit, the consumer is also entitled to reimbursement of a commission. This means that customers who have made an early repayment of a loan are able to demand from the banks the reimbursement of the commissions charged by them for granting those loans. The mass occurrence of such a demand may have an adverse effect on the entire Polish banking sector and, consequently, may have an adverse effect on the business, financial condition and results of operations of the Group.

As at 31 December 2020, the Group was sued in 899 cases concerning partial refunds of an arrangement fee on consumer loans, including 463 cases against the Bank and 436 cases against SCB. For these proceedings the Group raised provisions for legal claims in the total amount of PLN 225.0 thousand, including provisions for legal claims of PLN 149.0 thousand raised by the Bank and provisions for legal claims of PLN 76.0 thousand raised by SCB.

The above provision has been estimated on the basis of product type, repayment formula, and the amount of the fee to be reimbursed. The reimbursement amount is calculated as the outstanding interest payments in the periods following the overpayment to all the interest payments in the original credit period. For free-interest loans, the reimbursement amount is calculated as the outstanding loan amount in the period following the overpayment to all the outstanding loan amount in the original credit period as the bank has interest-free facilities in place.

In 2020 the Group changed estimated future cash flows for cash loan portfolios due to early prepayment by the clients. Changes in cash flow were assessed on the basis of historical prepayment levels, volumes and portfolio characteristics and amounted to PLN 84,791.0 thousand in 2020. The decrease in cashflows was recognised as an adjustment to the gross carrying amount of loan receivables and a decrease in interest income.

In addition, due to early prepayments causing shorter tenors, the Group decided to adjust third party intermediary costs calculated according to the effective interest rate in respect of expected early prepayments. The adjustment amounted to PLN 35,155.0 thousand, and was recognised as an adjustment to the gross carrying amount of loan receivables and a decrease in interest income.

In 2020, the Group charged its financial result with PLN 280,897.0 thousand of which PLN 164,986.0 thousand decreased the Group's net interest income, and PLN 115,911.0 thousand increased the Group's other operating expenses. The Bank's net interest income decreased by PLN 101,499.0 thousand and the Bank's other operating costs increased by PLN 62,365.0 thousand. SCB's net interest income decreased by PLN 63,339.0 thousand and SCB's other operating costs increased by PLN 53,546.0 thousand.

***Material increases in the Group's impairment provisions on loans and advances may have an adverse effect on the Group's business, financial condition and results of operations***

In connection with its credit operations, the Group regularly writes down impaired assets and records expected credit losses in the profit and loss account of the Group. The total value of the Group's expected credit losses depends on the volume and type of borrowing activity and standards applied in the banking industry and is calculated based on the three-stage expected credit losses model, reflecting the change in the level of risk that occurs since an exposure was recognised, including losses experienced by the Group adjusted by expected forward-looking information, expectations on defaults in loan payments, the economic situation and other factors connected with the repayment of various loans. It also depends on the risk model applied by the Group, which may prove to be incorrect and result in an incorrect assessment by the Group of the risk associated with its loan portfolios. Since January 2021, the Group has been adapting its credit risk classification policies to the new regulations, i.e. Guidelines of the European Banking Authority (EBA/GL/2016/07) on the application of the definition of default and the Regulation of the Minister of Finance, Investments and Development on the materiality thresholds of overdue credit obligations. The main changes concern the calculation of days past due methodology and include: (i) simultaneous analysis of two materiality thresholds (absolute and relative) - days past due are counted only when both materiality thresholds (absolute and relative) are breached; (ii) lower values of the absolute threshold: PLN 400 for retail customers and PLN 2,000 for non-retail customers; and (iii) for non-retail obligors, calculation of days past due taking into account the obligor's combined exposure towards Group, excluding SCB. The implementation of the abovementioned changes will impact the classification of the customers exposures to stage 2 and stage 3 (based on the payment delay criteria) and therefore the value of created provisions. The Group reflected the expected impact of the implementation of the New Default Definition on provisions as an additional portfolio management provision.

Although the Bank's Management Board uses its best efforts to establish an appropriate amount of expected credit losses on loans and advances, that determination is subject to the evaluation of credit risk and may be affected by numerous factors. The Group could be required to increase its expected credit losses on loans and advances in the future as a result of increases in non-performing assets or for other reasons. Any material increase in the expected credit losses on loans and advances, any loan losses in excess of the previously determined expected credit losses on loans and advances with respect thereto or changes in the estimate of the provision for expected losses on loans and advances could have an adverse effect on the Group's business, financial condition and results of operations.

***The value of the Group's investment and trading portfolios may decrease***

The Group's portfolio of securities comprises debt and equity securities. The quality of the Group's portfolio of securities may be affected by macroeconomic factors, the general business environment and developments in the financial markets, and by the creditworthiness and financial position of counterparties to the Group's transactions. The quality of debt securities held by the Group is dependent upon the ability of issuers of the securities to make payments on the securities when due, which in turn may be affected by changes in their financial standing.

As at 31 December 2020, debt instruments issued by the State Treasury and the National Bank of Poland accounted for 89.6 per cent. of the Group's debt securities portfolio in investment and trading securities. A decrease in the price of such securities may occur as a result of several factors, in

particular: (i) an increased supply of such securities by the Polish government due to an increased issue of those securities to finance the budget deficit or an increased offer of securities by investors disposing of them; or (ii) increases in domestic interest rates; or (iii) a decrease in the credit ratings for Poland's sovereign debt; or (iv) increased political risk and a negative perception of Poland by investors. Any decrease in the price of such securities could adversely affect the Group's business, financial condition and results of operations.

The Group's portfolio includes negotiable financial instruments whose daily valuations depend on certain market parameters (such as foreign exchange rates, interest rates, prices of bonds and stocks, stock indices values, futures prices, and implied volatilities of options). As these parameters vary continuously according to market forces, valuations of the financial instruments also change accordingly, which may adversely impact the unrealised results of these portfolios, even though certain components of the market risk of those portfolios are hedged and the trading is carried out within set market risk limits. In addition, market movements may also adversely affect realised results of the trading book. Any occurrence of any of these factors may have an adverse effect on the Group's business, financial condition and results of operations.

***The Group has significant exposure to counterparty credit risk in connection with its banking operations***

The Group is exposed to counterparty risk arising from the potential inability of the Group's counterparties, including corporate customers, banks and other financial institutions to fulfil their obligations under transactions and financial instruments entered into with the Group due to a number of factors, including, in particular, bankruptcies, a lack of market or individual customer liquidity, economic downturns, adverse financial and market movements (e.g. in interest rates or foreign currency exchange rates, commodity prices, the implied volatility of foreign exchange options, etc), operational failures and increased economic and political uncertainty. A reduction in the ability of the Group's counterparties to fulfil such obligations, or a default by, or even concerns about the creditworthiness and financial standing of, one or more of the Group's counterparties could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group has substantial assets, associated with foreign exchange derivatives, which include foreign exchange swaps, forwards and options conducted with other banking and non-banking clients. These foreign exchange derivatives require the customer to provide collateral if the instrument reaches a prescribed loss level. Due to significant changes in the PLN exchange rate against certain foreign currencies many customers who have purchased foreign exchange derivatives have been unable to provide the required collateral.

Although the Group actively manages its liquidity requirements and foreign exchange position and hedges its exposure to foreign exchange and interest rate risks, continued foreign exchange rate volatility of the PLN against foreign currencies could increase the pressure on the Group's counterparties and could lead to increased defaults by the Group's counterparties and further losses incurred by the Group on its foreign exchange derivatives. Such developments could have an adverse effect on the business, financial condition and results of operations of the Group.

***Any reduction in the credit rating of the Bank and its subsidiaries could increase its cost of funding and adversely affect its interest margins***

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. A reduction in the Group companies' credit ratings could increase the costs associated with its interbank and capital market transactions and could adversely affect the Group's liquidity and competitive position, undermine confidence in the Group, increase its borrowing costs and adversely affect its interest margins. Furthermore, should the rating of the Bank be downgraded below investment grade,

this could significantly impair the operating business of the Bank, the refinancing costs of the Group and the Bank's eligibility to act as a counterparty to derivative transactions for some market participants.

Rating agencies' assessments are driven by a number of factors, including franchise value, capitalisation, profitability, applicable sovereign ratings, refinancing opportunities and liquidity as well as potential parental support. Pressure on the Bank's credit ratings may arise, for example, in the event of significantly weaker capital generation driven by poorer financial performance, a material deterioration of asset quality in a less favourable business environment, the downgrading of the parent company, Banco Santander, S.A. (**Banco Santander**), or the downgrading of the rating applicable to Poland.

A downgrading in the rating of the Bank and its subsidiaries could increase the financing costs associated with transactions on the interbank market and could adversely affect the Group's business, financial condition and results of operations.

***The Group may not be able to improve or sustain its current interest rate margins or commissions on loans***

The net interest income achieved by the Group depends to a large extent on the levels of the Group's interest-bearing assets and liabilities and the average interest rates on interest-earning assets and interest-bearing liabilities.

Various factors could affect the Group's ability to maintain credit and deposit margins as well as fees and commissions at current levels. These factors include the evolving regulatory environment, court judgments (for more detail please see risk factors *Claims of borrowers under mortgage loans denominated in CHF or indexed to CHF may adversely affect the Group's financial performance* and *The Court of Justice of the European Union judgment on the right of consumers to reduce the cost of a loan in the event of its early repayment will adversely affect the Group's financial performance*) increasing competition in the market, changing demand for fixed and floating interest rate loans, possible changes in monetary policy conducted by the Monetary Policy Council (the **MPC**), the level of inflation, and changes in interest rates (WIBOR and LIBOR) on interbank markets.

The Group could suffer decreasing interest rate margins for various reasons, including:

- if market interest rates on floating interest rate loans decline and the Group is unable to offset such an effect by decreasing the rates payable on deposits;
- if interest rates payable on deposits increase as a result of additional competition among banks or other factors beyond the Group's control and the Group is unable to offset such an effect by increasing the rates on its loans; or
- if increased competition on the market and economic recovery push credit spreads down.

Interest charged on retail loans granted by the Group cannot exceed the maximum interest rate permitted by Polish law.

The Group's inability to maintain interest rate margins and commissions on loans may result in lower net income and could materially adversely affect the business, financial condition and results of operations of the Group

***A high proportion of long-term mortgages in the Group's loan portfolio makes it difficult for the Group to adjust its loan margins to market terms whilst any deterioration in residential real estate***



***prices and decreases in the value of collateral provided to the Bank may negatively affect the Group's business, financial condition and/or results of operations***

In accordance with Polish law, neither the Bank nor any member of the Group is able to unilaterally change the terms of granted loans and advances to individuals, including credit margins. As at 31 December 2020, gross housing and mortgage loans to individuals (retail mortgage loans) constituted a material part (64.8 per cent.) of the Group's total gross loans and advances to individuals. As a result, the Group is limited in its ability to change its average credit portfolio margins through the generation of new mortgage loans and advances reflecting current credit margins on the market compared to other financial institutions operating on the Polish market, which have credit portfolios with a larger proportion of short-term loans. This limited ability to re-price its loan portfolio may adversely affect the business, financial condition and results of operations of the Group.

When granting mortgage loans and calculating the applicable interest rates, the Group assumes a certain level of prices of residential real property securing such loans. If sale prices of residential real property in Poland substantially decline for any reason, the value of the Group's security may be adversely affected and, in cases of foreclosure, the Group may not be able to recover the entire amount of the loan if the borrowers are unable to repay them. In addition, investments in real estate are characterised by low liquidity as compared to other types of investments and such liquidity may further deteriorate in periods of economic downturn. The Group cannot guarantee that if the residential real estate market in Poland deteriorates significantly, the ability to enforce its security in a timely and effective manner would not deteriorate significantly.

***The interest rates on non-mortgage loans advanced by the Group may decrease***

Polish banks (including the Bank and SCB) are subject to restrictions on the maximum interest rates which may be charged under a loan agreement. Currently, the maximum interest rate is equal to the sum of the applicable reference rate of the National Bank of Poland and 3.5 per cent. multiplied by two. Any changes to the applicable reference rates are reflected in the rate which the Bank is able to charge customers on non-mortgage loans. Deterioration in interest rates may therefore have an adverse effect on the Group's business, financial condition and results of operations.

***The Group's risk management methods may prove ineffective at mitigating credit risk***

Losses relating to credit risk may arise if the risk management policies, procedures and assessment methods implemented by the Group to mitigate credit risk and to protect against credit exposures prove less effective than expected. The Group employs qualitative tools and metrics for managing risk that are based on observed historical market behaviour. These tools and procedures may fail to predict future risk exposures, especially in a market characterised by increased volatility and falling prices. Given the Group's variety of lending activities, the risk management systems employed by the Group may prove insufficient in measuring and managing risks.

The occurrence of any of the factors mentioned above may have a material adverse effect on the business, financial condition, and/or results of operations of the Group.

***The Group is exposed to operational risk related to its business activities***

Operational risk accompanies all processes at banks and its consequences can often be significant. The Group is subject to the risk of incurring losses or unforeseen costs relating to inadequate or failed internal processes, human error, system failures, errors relating to the outsourcing of the performance of certain services to external service providers, and external events. Typical categories of operational loss include: errors made during the execution of operations, record-keeping errors, business disruptions (caused by, for example, software or hardware failures and communication breakdowns), fraud (including related to credit cards), legal claims over transactions or operations and

damage to assets. In addition, because some of the Group's business transactions are conducted via internet platforms, the Group is exposed to third party attacks on its IT systems which could result in financial or reputational loss. The Group utilises a number of IT systems to conduct its operations. Due to the high complexity of interactions and interdependencies among the Group's IT systems, there can be no assurance that these systems will always properly interact with one another or will always effectively ensure error-free and timely transfer of data within the IT structure of the Bank and the Group.

The Group also outsources the performance of specific activities on its behalf, including IT services as well as document consignment services, cash support services, cash processing, and debt recovery to third parties. Additionally, the Bank outsources to external service providers the performance of certain services relating to the sale of retail banking products offered by the Bank. If any of the third parties on which the Bank relies fail to duly perform in accordance with the terms of their agreements with the Bank, then this could result in operational deficiencies or reputational risk for the Group. Furthermore, the Group may be exposed to the risk of liability to its customers and reputational loss if such external providers fail to duly perform their services or, specifically, if they perform their services in breach of applicable law or banking regulations or if they take improper actions which result in an infringement of third-party rights.

Additionally, failures of the Group's operational risk management system to detect or prevent operational problems caused by third parties which prevent them from performing the activities outsourced to them could affect the Group's business, financial condition, results of operations and/or prospects.

The occurrence of the factors described above could have a material adverse effect on the business, financial condition and results of operations of the Group.

### ***The Group faces liquidity risk***

Liquidity risk is the risk that the Bank may be unable to meet current and future (including contingent) payment obligations as they become due. Liquidity risk may result from internal factors (for example, the impact of negative publicity and/or reputational damage, resulting, for instance, in excessive withdrawal of cash by the Bank's clients or the materialisation of credit risk) and external factors (turbulence and crises in the financial markets, country risk or disruption in the operation of clearing systems).

The Group becomes exposed to liquidity risk when the maturities of its assets and liabilities do not coincide. In particular, the Group may be exposed to increased liquidity risk as a result of its holdings of real estate mortgage loans, which are long-term assets. Although generally holdings of real estate mortgage loans are covered by long and mid-term funding, they are partially financed by short-term and on-demand deposits.

Maturity mismatches between the Group's assets and liabilities may have a material adverse effect on the Group's business, financial condition and results of operations if the Group is unable to obtain new deposits or find alternative sources of funding for existing and future loan and advances portfolios.

In terms of current and short-term liquidity risk, if a substantial portion of the Bank's clients withdraw their demand deposits or do not roll over their term deposits upon maturity, as would be the case with many other banks, the Bank's liquidity position may be adversely affected. Current liquidity may also be affected by unfavourable financial market conditions. If assets held by the Bank in order to provide liquidity become illiquid due to unforeseen financial market events or their value drops substantially, in such circumstances the Bank may not be able to meet its obligations as they become due and therefore may be forced to resort to interbank funding, which, in the event of an unstable market situation, may become excessively expensive and uncertain. In addition, the Bank's ability to

use such external funding sources is directly connected with the level of credit lines available to the Bank, and this in turn is dependent on the Bank's financial and credit condition, as well as general market liquidity.

A loss of liquidity or an inability to raise sufficient funds to finance its operations, particularly its lending operations, may have an adverse effect on the business, financial condition and results of operations of the Group.

***The Group may not be able to hire, train or retain a sufficient number of qualified personnel***

The success of the Group's business depends, among other things, on its ability to recruit and maintain qualified personnel. The Group is dependent upon high-level management to implement its strategy and day-to-day operations. The Group endeavours to reduce the risk of losing key employees through various measures, including in particular through management and career development measures. Despite these measures, the Group may not succeed in attracting or retaining highly qualified employees in the future. In Poland, there is strong competition for qualified personnel specialised in banking and finance, especially at middle and upper management levels.

Competition of this kind may increase the Group's personnel-related costs and make it difficult to recruit and offer incentives to qualified personnel. In addition, the Group's senior management or key employees of the Group's companies may resign or file a termination notice at any time, which could harm the relationships the Group's companies have developed with their customers. The Group's companies may not be able to retain such employees, and if they do resign, the Group's companies may not be able to replace them with persons of the same ability or experience. This could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

***The Group's IT systems may fail or their security may be compromised***

The Group relies heavily on numerous IT systems for a variety of functions, including processing applications, providing information to customers, maintaining financial records and providing crucial financial and market data to the Bank's management board. In addition, the Group uses distribution channels based on an IT platform comprising online banking, mobile banking and call centres.

The Group's activities involve the use and constant development of several IT platforms dedicated to the various segments of the Group. In particular, the business model of the Bank's retail segment, which involves offering banking services through an online transactional system and mobile applications, is significantly dependent on the availability, functionality and security of the Group's IT systems and, as a result of its high reliance on online platforms, it is also particularly exposed to third-party attacks via the internet, eg cyber-attacks. Malfunctions, in particular with respect to the use of and interactions between the Group's IT platforms, information leakages, service interruptions or similar events may affect the relationship between the Group and its customers. The Group constantly modifies and enhances the protective measures it takes to counteract these risks. Nevertheless, there is a risk that such measures may not be effective against all threats related to cyber-attacks, taking into account their varying nature and evolving sophistication. A successful attack could result in material losses of client or customer information, damage to computer systems and harm to the Group's reputation and lead to regulatory penalties or financial losses.

Moreover, programming errors and similar disruptions could impact the Group's ability to serve the needs of its customers on a timely basis, interrupt the Group's operations, damage the Group's reputation or require it to incur significant technical, legal and other expenses. In addition, the integrated IT system or upgraded information technology systems may fail to meet the needs of the Group's growing and changing business.

The Group is also subject to regulation in relation to the use of personal data. The General Data Protection Regulation imposes new obligations and guidelines on companies in the management and processing of personal data. Administrative fines of EUR 20 million or 4 per cent. of a company's annual turnover can be imposed for non-compliance with the General Data Protection Regulation.

The Group has procedures in place to ensure compliance with the relevant data protection regulations by its employees and any third party service providers, and has also implemented security measures to prevent cyber-theft. However, if the Group or any of the third-party service providers fail to store or transmit customer information in a secure manner, or if any loss or wrongful processing of personal customer data were otherwise to occur, the Group could be subject to investigative and enforcement action by relevant regulatory authorities and could be subject to claims or complaints from persons to whom the data relates, or could face liability under data protection laws. Should some or all of these risks materialise, this may have an adverse effect on the business, financial condition and results of operations of the Group.

### **Risks relating to the Group and its relationship with Santander and its affiliates (the Santander Group)**

#### ***Banco Santander holds corporate control over the Bank***

As at the date of this Base Prospectus, Banco Santander held 68,880,774 shares, representing 67.47 per cent. of the Bank's share capital, which gives Banco Santander the right to exercise 67.47 per cent. of the total number of votes at any General Shareholders' Meeting.

Banco Santander is able to exercise corporate control over the Bank due to its share in the capital of the Bank and in the total number of votes at the General Meeting. In particular, Banco Santander has majority voting power at the General Meeting, and thus has a decisive voice regarding major corporate decisions, such as amendment of the Articles of Association, the issuance of new shares of the Bank, decreases in the Bank's share capital, the issuance of convertible bonds and the payment of dividends. In addition, Banco Santander holds a sufficient number of votes to appoint a majority of the members of the Supervisory Board, which, in turn, appoints the members of the Management Board. As a result, Banco Santander has the ability to exercise considerable control over the Bank's operations.

If the interests of Banco Santander and the interests of the Group conflict, this could have an adverse effect on the business, financial condition and results of operations of the Group.

#### ***The Bank's shareholders are not required to support the Bank***

The Bank is an independent entity from its principal shareholder (Banco Santander). Banco Santander is not obliged to provide support and finance to the Group in the future, in particular to subscribe for newly issued shares in any future equity offering or to ensure debt financing for the Group. If the Bank needs further equity injections or debt financing and/or if a significant decrease in Banco Santander's shareholding in the Bank in the future were to occur, a lack of financial support from Banco Santander may have a negative reputational effect on the Group. A loss of control over the Bank by Banco Santander in the future may lead to negative consequences resulting from the agreements based on which the Group obtained debt financing, in particular the potential necessity to repay such debt financing earlier. Moreover, the Bank's issuer default ratings by Moody's and Fitch incorporate uplift driven by parental support, which would be removed if Banco Santander lost control over the Bank.

The occurrence of any of these situations may have a material adverse effect on the Group's business, financial condition and results of operations.

***Litigation, administrative or other proceedings or actions may adversely affect the Group's business, financial condition and results of operations***

Due to the nature of its business, the Group may be exposed to a risk of court, administrative or other proceedings being instituted against it by customers, employees, shareholders and other persons in connection with its business.

The outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions against the Bank or the Group's companies may seek recovery in large or indeterminate amounts or other remedies that may affect the Bank's or the Group companies' ability to conduct their business, and the magnitude of the potential losses relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation against particular Group companies that could damage the reputation of the Group or the particular Group companies concerned, regardless of whether the allegations are valid or whether the Group is ultimately found liable.

As a result, litigation, administrative and other proceedings may adversely affect the Group's business, financial condition and results of operations. As at 31 December 2020, the value of the Group's provisions for legal claims was PLN 408.5 million. In 61 cases against the Group where the claim value was high (above PLN 500 thousand), the Group raised provisions of PLN 70.4 million.

**Risks related to legal and regulatory environment**

***The Bank and the Group may be unable to satisfy its or their required minimum capital adequacy ratios***

Increasing capital requirements constitute one of the Bank's main regulatory challenges and they may adversely affect the Bank's profitability. In addition, there would be significant operational and regulatory risk in the event of any possibility of failure to maintain required capital levels.

The adequacy assessment of the Group's capital base (including, among others, the calculation of capital ratios and the leverage ratio, own funds and the total capital requirement) is made according to a number of European and Polish regulations, including:

- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (as amended, the **Capital Requirements Directive**) and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended, the **CRR Regulation** or the **CRR** and, together with the Capital Requirements Directive, the **CRD**); and
- Regulation (EU) No. 2019/876, Directive (EU) No. 2019/878, Directive (EU) No. 2019/879 and Regulation (EU) No. 2019/877 which came into force on 27 June 2019 (the **EU Banking Reform Legislation**), with certain provisions applying from 27 June 2019 and other provisions gradually being phased in and/or being subject to national implementation.

The CRD introduced a number of fundamental reforms to the regulatory capital framework for internationally active banks, the principal elements of which were set out in Basel III.

The EU Banking Reform Legislation has covered multiple areas, including the capital ratio framework, the leverage ratio, mandatory restrictions on distributions, permission for reducing own funds and eligible liabilities, macroprudential tools, the MREL framework and the integration of the minimum total loss-absorbing capacity into EU legislation.

The minimum levels of mandatory capital adequacy ratios for banks in Poland in 2021 specified by the KNF in line with the CRD regime are:

- the capital requirement arising from CRR – a Total Capital Ratio (TCR) of 8 per cent. and a Tier 1 capital ratio of 6 per cent.;
- a combined buffer requirement, which includes a capital conservation buffer, a countercyclical capital buffer, an O-SII buffer (individual for particular banks) and a systemic risk buffer; the systemic risk buffer was abolished in March 2020 due to the COVID-19 pandemic, but it may be reinstated in the future; and
- an additional capital charge in Pillar II.

Taking into account the capital buffers and capital add-on, as at 31 December 2020 the required minimum capital ratios for the Bank at the individual level were 11.25 per cent. for TCR and 9.25 per cent. for Tier 1 capital ratio. At the consolidated Group level, the required minimum capital ratios are 11.284 per cent. for TCR and 9.276 per cent. for Tier 1 capital ratio. At the date of this Base Prospectus, the capital adequacy ratios reported by the Bank were above the minimum levels required by KNF on both the individual and consolidated levels. However, certain developments could affect the Group's ability to continue to satisfy the minimum capital adequacy requirements, including:

- an increase in the Group's total risk exposure amount as a result of the rapid expansion of its business or depreciation of the PLN against the foreign currencies in which a part of the Group's assets are denominated;
- deterioration of asset quality leading to a higher level of regulatory expected loss, which would cause an increased amount of capital deductions;
- the Bank's ability to raise capital;
- losses resulting from a deterioration in the Group's asset quality, a reduction in income levels, an increase in expenses or a combination of all of the above;
- a decline in the values of the Group's securities portfolio;
- changes in accounting rules or in the guidelines regarding the calculation of the capital adequacy ratios of banks; and
- additional capital requirements or changes in the minimum capital requirements imposed by the Bank's regulator.

The Group's ability to raise additional capital may be limited by numerous factors, including:

- the Group's future financial condition, results of operations and cash flows;
- any necessary government regulatory approvals;
- the financial condition of the Bank's majority shareholder;
- financial market disruptions;
- the Bank's credit rating;

- general market conditions for capital-raising activities by commercial banks and other financial institutions; and
- domestic and international economic, political and other conditions.

Furthermore, Article 45 of the Bank Recovery and Resolution Directive (the **BRRD**) provides that Member States shall ensure that institutions meet, at all times, a minimum requirement for own funds and eligible liabilities (**MREL**). The MREL shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total risk exposure amount. In line with current guidelines, the deadline for meeting the first binding mid-term MREL target was set for 1 January 2022 and the final MREL target has to be met on 1 January 2024. As the date of this Base Prospectus Bank Guarantee Fund (*Bankowy Fundusz Gwarancyjny*, the **BGF**), which is the Polish resolution authority, has not yet set out the MREL requirements for the Group.

The Bank belongs to a group considered to be a global systemically important institution. Therefore, the Bank must satisfy additional requirements for own funds and eligible liabilities (**TLAC**) set out in the CRR. Under the CRR, institutions need to satisfy TLAC, calculated as 16 per cent. of the total risk exposure amount and 6 per cent. of the leverage ratio exposure measure by 31 December 2021 and, as from 1 January 2022, calculated as 18 per cent. of the total risk exposure amount and 6.75 per cent. of the leverage ratio exposure measure. As at 31 December 2020, the Group's own funds and other TLAC-eligible instruments were at 20.44 per cent. In addition, in accordance with Article 128 of Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (**CRD V**), institutions should not use Common Equity Tier 1 capital that is maintained to meet the combined buffer requirement to meet the risk-based components of the requirements set out in Article 92a of the CRR. Based on these provisions, the required minimum regulatory TLAC is increased by the value of capital buffers that the Bank is required to maintain. As a result of the implementation of the CRD V requirements into Polish law in April 2021, the minimum regulatory TLAC level for the Group increased to 19.25%. The Bank is obliged to meet the regulatory requirements with regard to its own funds and eligible liabilities at a sub-consolidated level.

Failure to maintain the required capital adequacy ratios or to otherwise maintain sufficient levels of capital may lead to restrictive measures on the Bank under the Act dated 29 August 1997 Banking Law (the **Banking Law**) or the Act dated 10 June 2016 on the Bank Guarantee Fund, the Deposit Guarantee Scheme and Mandatory Restructuring (the **Act on the Bank Guarantee Fund**, as amended) implementing the BRRD in Poland, and may have an adverse effect on the business, financial condition and results of operations of the Group.

Moreover, a breach of existing laws relating to minimum capital adequacy ratios may result in entities in the Group being subject to administrative sanctions, which may result in an increase in the operating costs of the Group, loss of reputation, and, consequently, it may have an adverse effect on the business, financial condition and results of operations of the Group.

***The implementation of the Bank Recovery and Resolution Directive into Polish law may adversely affect the Group's business, financial condition, results of operations or prospects***

Based on the reform measures developed by the Financial Stability Board (Effective Resolution of Systemically Important Financial Institutions) and Basel III, the European Parliament and the Council of the European Union adopted the BRRD. The aim of the BRRD is to minimise the burden on taxpayers in the event of failures on the part of banks to meet their obligations while ensuring that shareholders and creditors bear the costs thereof.

Pursuant to the BRRD, the so-called "resolution authorities" are vested with the necessary powers to apply resolution tools to institutions that meet the applicable conditions for resolution. The resolution tools include, inter alia, the instrument of "bail-in", which gives resolution authorities the power to write down the claims of the unsecured creditors of a failing institution and to convert debt claims to equity without the consent of the creditors. The resolution authorities are also vested with the power to write down "relevant capital instruments" in full and on a permanent basis or to convert them in full into common equity Tier 1 instruments before any resolution action is taken if and when one or more specific circumstances apply, such as the determination by the relevant resolution authority that the institution meets the conditions for resolution and that the institution concerned has reached the point of "non-viability". A write-down follows the allocation of losses and ranking in insolvency so that equity absorbs the losses in full before any debt claim is subject to write-down.

Pursuant to the BRRD, the costs of resolution are to be borne by the banking sector. The Member States should set up their own financing arrangements funded with contributions from banks and investment firms made by those entities proportionally to their liabilities and risk profile. Banks ought to contribute annually in relation to their share of specific liabilities in the total size of the national financial sector in order to reach a target funding level of at least 1% of deposits (over a ten-year period). If the ex-ante funds are insufficient to cover the resolution of a financial institution, further contributions will be raised ex-post.

The relevant regulations of the BRRD were implemented in Poland under the Act on the Bank Guarantee Fund, which came into force on 9 July 2016 and 9 October 2016 (certain provisions of this legislation came into force on 11 February 2017). The Act on the Bank Guarantee Fund modified the legal framework of the deposit guarantee scheme in Poland operated by the Bank Guarantee Fund and developed a framework allowing for the orderly resolution of financial institutions. The Act on the Bank Guarantee Fund also repealed the existing restructuring and support measures under Polish law to bring the relevant provisions in line with the BRRD framework. In this respect, the Act on the Bank Guarantee Fund amended several other related legal acts, including legislation on financial instruments, insolvency, financial market supervision and recapitalisation of financial institutions. The Bank has to comply with the Act on the Bank Guarantee Fund and has adjusted its operations to comply with the new requirements.

The introduction of the new regulations and the resulting changes in the regulatory requirements may have an adverse effect on the Group's business, financial condition and results of operations.

***Changes to or an increase in the regulation of the financial services and banking industry in Poland and internationally could have an adverse effect on the Group's business***

Regulations governing the banking and financial services industries in Poland and internationally are likely to increase, particularly in the current market environment, where supervisors have recently moved to tighten regulations governing financial institutions. As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed on the Group as a result of governmental or regulatory initiatives, such as the recommendations of the European Union, recommendations of the KNF and new regulations from the Basel Committee on Banking Supervision), the Group may face greater regulation in Poland and other countries in which it conducts operations. Compliance with such changes may increase its capital requirements and costs, heighten disclosure requirements, hinder its ability to enter into or carry out certain types of transactions, affect the Group's strategy and limit or require modification of the rates or fees that it charges on certain loan and other products, any of which could lower the return ratio on its investments, assets and equity. The Group may thus face increased compliance costs and limitations on its ability to pursue certain business opportunities.

As a result of new recommendations from the KNF, as well as other possible changes in existing recommendations and the issuance of new recommendations affecting supervision, the Bank may



become subject to more onerous and strict supervision, increased capital adequacy requirements, changes in its risk model and risk management or be required to incur additional costs, as well as be subject to restrictions on certain types of transactions.

The occurrence of any of the above-mentioned factors may affect the Group's strategy, its growth potential, its fees and commissions and profit margins and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

***The Bank and SCB may be required to make substantial mandatory contributions, including contributions to the Bank Guarantee Fund and the Borrowers' Support Fund***

Pursuant to the provisions of the Act on the Bank Guarantee Fund, the Bank and SCB are members of a mandatory guarantee system and is obliged to contribute to a deposit guarantee fund and a resolution fund.

Since 2017, the amount of contributions to the bank guarantee fund and the resolution fund is calculated by the BGF individually for each bank. Contributions to the deposit guarantee fund are paid quarterly. The basis for calculation of contributions for a given quarter is the value of the covered deposits at a bank, at the end of the quarter immediately preceding the quarter to which the contribution relates. Contributions to the resolution fund of banks are paid once a year. The basis for calculating contributions is the sum of a bank's liabilities (net of own funds and covered deposits) as at the last approved annual financial statements before 31 December of the year preceding the year of contribution.

For the year ended 31 December 2020, the value of the Group's BGF contribution for both funds amounted to PLN 410.9 million, compared to PLN 282.7 million in 2019.

Due to the relatively large scale of the Bank's operations, if a member of the mandatory guarantee system were to declare bankruptcy, the Bank may be obligated to make larger payments to the BGF than other members of the deposit guarantee system.

***The Group may fail to comply with, or be subject to changes in, certain regulatory requirements applicable to banking and other regulated business, or with the guidelines set forth by financial supervisory authorities on the markets where the Group is present***

Apart from its banking operations, the Group also renders other regulated financial services and offers transactional banking products, products relating to the market for financial instruments and insurance products that are subject to the supervision of the KNF, the authority supervising financial markets, including the banking sector in Poland and other relevant authorities in the jurisdictions where it operates. The scope of supervision and regulation of these products and services is also dependent on directives and regulations issued by European regulatory authorities.

The increasing number and ambiguity of certain regulatory requirements, and their application to the Group on the markets where the Group is present, together with changes to the regulatory requirements and guidelines, has placed an increased burden on the Bank and other Group entities to amend their internal policies and procedures in order to meet the requirements of the competent supervisory authorities and EU directives and regulations, which in some cases may have led to instances of non-compliance of the Bank and other Group entities. In addition, the requirements and obligations stemming from different jurisdictions and the application thereof may be unclear and contradictory and in some cases may have led to instances of non-compliance by the Bank and other Group entities.

Uncertainty with regard to the new rules and guidelines during the period in which they are implemented in the jurisdictions relevant to the Group, as well as potential further changes to

European or Polish banking regulations, may impact the Group's ability to access capital or carry out certain business activities.

A failure to satisfy these requirements may expose the Bank or other Group entities to sanctions, fines and other penalties, which may have a material adverse effect on the business, financial condition and results of operations of the Group.

***The KNF may identify issues during inspections of the Bank in the future which, if not adequately resolved by the Bank, may result in sanctions, fines or other penalties***

In the course of its activities, the Group is subject to numerous inspections, reviews, audits and explanatory proceedings conducted by various supervisors who oversee the financial services sector and other areas in which the Group operates, including the KNF and the Office for Competition and Consumer Protection (the **OCCP**). The latest inspection by the KNF took place from May to July 2020.

If any irregularities are found by these supervisory authorities and the Bank fails to remedy them (provided that such possibility is given) the Bank may be exposed to sanctions, fines and other penalties as prescribed by the Banking Law. This could affect the business, financial condition and results of operations of the Group.

***Interpretation of Polish tax law regulations may be unclear and Polish tax laws and regulations may change***

The Polish tax system is subject to frequent changes. Some provisions of Polish tax law are ambiguous and often there is no unanimous or uniform interpretation of law or uniform practice by the tax authorities. Because of different interpretations of Polish tax law, the risk connected with Polish tax law may be greater than that under other tax jurisdictions in more developed markets. The Bank cannot guarantee that the Polish tax authorities will not take a different, unfavourable, interpretation of tax provisions implemented by the Bank or any Group member, which may have an adverse effect on the business, financial condition and results of operations of the Group.

***The Bank may be required to implement a recovery plan under Polish banking law***

In the event of a breach, or a threat of a breach, by the Bank of capital adequacy requirements, significant deterioration in the financial situation of the Bank, including the occurrence of a balance sheet loss or a threat thereof, a threat of insolvency or liquidity loss, increasing levels of financial leverage, increases in the Bank's leverage ratio or in the value of its non-performing loans, or the concentration of exposure, the Bank's management board shall forthwith notify the KNF and the BGF and shall ensure implementation of a recovery plan.

The KNF may by way of a decision:

- address the management board of the Bank with a request to implement a recovery plan, including taking the measures specified in the recovery plan or an update thereof if the premises for its implementation differ from the premises adopted during development of the recovery plan or to take, within a specified period of time, actions provided for in the updated recovery plan in order to fulfil the capital adequacy requirements as they apply to the Bank or to improve the bank's financial situation;
- prohibit or restrict the granting of credit and loans to shareholders (members) and members of the management board, the supervisory board and employees of the Bank;

- order the reduction or withholding of payment of certain variable components of remuneration of persons holding managerial positions in the Bank;
- ask the management board of the Bank to convene an extraordinary general meeting of shareholders in order to assess the situation of the Bank, adopt a decision to cover a balance sheet loss or to adopt other resolutions, including resolutions on an increase in own funds;
- request the dismissal of one or more members of the management board or of persons holding managerial positions if these persons fail to guarantee prudent and sound management of the Bank;
- order, when considering a recovery plan, the preparation and implementation of a restructuring plan for liabilities towards some or all of the creditors;
- request the Bank to amend its business strategy; or
- order the statutes of the Bank, or its organisational structure, to be amended.

The KNF may also appoint a trustee to oversee the execution of the recovery plan. The trustee may participate in the meetings of a bank's governing bodies and have access to all information necessary to perform its duties. The trustee may also file with the relevant court an objection against the decisions of the management board and the supervisory board. In addition, with the consent of the KNF, the trustee may convene an extraordinary general meeting of the Bank.

If the measures ordered by the KNF are insufficient or in order to ensure the effectiveness of the recovery plan being implemented or if the implementation of the recovery plan is insufficient to remedy the situation of the bank, the KNF may decide to establish a receivership in respect of the Bank. Upon the establishment of a receivership, the supervisory board shall be suspended, whereas the management board members of the Bank shall be removed by operation of law and previously established proxy and powers of attorney shall expire.

There can be no assurance that the Bank, especially in the event of a deterioration in the results of its operations or high regulatory burdens, would not be required to implement a recovery plan. Such risk would increase if the banks in Poland were forced to convert CHF mortgage loans into PLN at preferential rates. Any failure of the Bank to correctly implement the recovery plan may have an adverse effect on the Group's business, financial condition and results of operations and on the Group's ability to implement its strategies as set forth in this Base Prospectus.

## **Risks Relating to the Notes**

***The Notes may be redeemed prior to maturity at the Issuer's option for taxation reasons or upon the occurrence of a Capital Disqualification Event or an MREL Disqualification Event, subject to certain conditions***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Poland or any political subdivision or any authority thereof or therein having power to tax (a **Tax Jurisdiction**), the Issuer may, at its option, redeem all outstanding Notes in whole, but not in part, in accordance with the Terms and Conditions of the Notes. The Notes may be also redeemed for taxation reasons if: (i) (in the case of Senior Non Preferred Notes and Senior Subordinated Notes only) the Issuer would not be entitled to claim a deduction in computing taxation liabilities in any Tax Jurisdiction in respect of any payment of interest to be made on the Notes on the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced; or (ii) (in the case of Tier 2 Subordinated Notes

only and with the consent of the Regulator) if the applicable tax treatment of the Notes is materially affected. In each case, the Issuer may only redeem such Notes if such: (i) additional payment or inability to claim a tax deduction (as applicable) occurs or the applicable tax treatment of the Notes is materially affected as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and (ii) in the case of Senior Notes eligible to comply with MREL Requirements, Senior Non Preferred Notes and Subordinated Notes only if so permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force and subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required), as further described in Condition 9(b) (*Redemption for tax reasons*).

Furthermore, if a Capital Disqualification Event occurs as a result of a change (or any pending change which the Regulator considers sufficiently certain) in Polish law, Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, the Issuer may redeem all, and not some only, of any Series of the Tier 2 Subordinated Notes subject to such redemption being permitted by the Applicable Banking Regulations then in force and subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required), as further described in Condition 9(c) (*Early Redemption due to Capital Disqualification Event*).

If a MREL Disqualification Event occurs as a result of a change (or any pending change which the competent authority considers sufficiently certain) in Polish law or Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, Senior Notes where the MREL Disqualification Event has been specified as applicable in the relevant Final Terms, Senior Non Preferred Notes and Senior Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force, and subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required), as further described in Condition 9(d) (*Early Redemption due to MREL Disqualification Event*).

As above mentioned, the redemption of Tier 2 Subordinated Notes of the Issuer at the option of the Issuer is subject to the permission of the Regulator and/or the Relevant Resolution Authority if and as applicable (if such permission is required) and pursuant to article 78(1) of the CRR such permission will be given only if either of the following conditions is met:

- (a) on or before such redemption of the Tier 2 Subordinated Notes, the Issuer replaces the Tier 2 Subordinated Notes with own funds of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer; or
- (b) the Issuer has demonstrated to the satisfaction of the competent authority that its own funds would, following such redemption, exceed the capital ratios required under the CRR by a margin that the Regulator may consider necessary on the basis set out in the CRR.

***Early redemption and purchase of the Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non Preferred Notes and/or Senior Subordinated Notes may be restricted***

Any early redemption or purchase of Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non Preferred Notes and/or Senior Subordinated Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Applicable MREL Regulations at the relevant time, including any requirements applicable to such redemption or

repurchase due to the qualification of such Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non Preferred Notes and/or Senior Subordinated Notes at such time as eligible liabilities available to meet the MREL Requirements.

***The qualification of the Senior Subordinated Notes, the Senior Non Preferred Notes and certain Senior Notes as being eligible to comply with Applicable MREL Regulations is subject to uncertainty***

The Senior Subordinated Notes, the Senior Non Preferred Notes and certain Senior Notes may be intended to comply with Applicable MREL Regulations. However, there is uncertainty regarding the final substance of the Applicable MREL Regulations and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that the Senior Subordinated Notes, the Senior Non Preferred Notes and certain Senior Notes will or may be (or thereafter remain) in compliance with Applicable MREL Regulations.

If for any reasons the Senior Subordinated Notes, the Senior Non Preferred Notes and the Senior Notes where the MREL Disqualification Event has been specified as applicable in the relevant Final Terms do not comply with Applicable MREL Regulations or if they initially comply with Applicable MREL Regulations and subsequently become ineligible due to a change in Polish law or Applicable MREL Regulations, then a MREL Disqualification Event will occur, with the consequences indicated in the Terms and Conditions. See "*The Notes may be redeemed prior to maturity at the Issuer's option for taxation reasons or upon the occurrence of a Capital Disqualification Event or an MREL Disqualification Event, subject to certain conditions*" and "*Notes may be subject to substitution and modification without Noteholder consent*"

***Notes may be required to absorb losses as a result of statutory powers conferred on resolution and recovery authorities in Poland***

The BRRD provides member states' authorities with a set of tools and powers for dealing with failing banks and requires banks to facilitate this process by providing information for recovery and resolution planning purposes. The purpose of the BRRD is to guarantee that the restructuring of banks on the verge of insolvency occurs without imposing any additional costs on taxpayers and that the costs of restructuring are distributed between the banks' shareholders and creditors. The BRRD contains the following resolution tools that may be used alone or in combination in the event that the relevant resolution authority believes that: (i) an institution is failing or likely to fail; (ii) there is no reasonable prospect of any alternative private sector measures preventing the failure of such institution within a reasonable timeframe; and (iii) a resolution action is in the public interest:

- the sale of a business – enabling the resolution authorities to direct the sale of the institution or a part of its business;
- a bridge institution – enabling the resolution authorities to transfer all or a part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially under public control);
- asset separation – enabling the resolution authorities to transfer impaired or under-performing assets to a publicly owned asset management vehicle to allow them to be managed with a view to maximising their value through a potential sale or orderly wind-down (this can be used together with another resolution tool only); and
- a bail-in – giving resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to equity.

The powers provided to resolution and competent authorities (BGF in Poland) in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (such as Notes issued under the Programme) fully absorb losses at the point of non-viability of the issuing institution in order to allow it to continue as a going concern subject to appropriate restructuring. For the purposes of the application of any non-viability loss absorption measure (i) the point of non-viability of a relevant entity under the BRRD is the point at which the relevant authority or authorities, as the case may be, determine(s) that the relevant entity or its group meets the conditions for resolution or will no longer be viable unless the relevant capital instruments (such as Notes issued under the Programme) are written down or converted into equity or extraordinary public financial support is required by the relevant entity other than, where the entity is an institution, for the purposes of remedying a serious disturbance in the economy of an EEA member state and to preserve financial stability; and (ii) the point of non-viability of a group is the point at which the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated prudential requirements in a way that would justify action by the appropriate authority, including but not limited to because the group has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds.

As a result, the BRRD contemplates that resolution authorities may require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into CET1 instruments at the point of non-viability (which CET1 instruments may also be subject to any application of the general bail-in tool described above) and before any other bail-in or resolution tool can be used. The application of any non-viability loss absorption measure may result in Noteholders losing some or all of their investment. The exercise of any such power may be inherently unpredictable and may depend on a number of factors which may be outside the Issuer's control. Any such exercise, or any suggestion that the Notes could become subject to such exercise, could, therefore, materially adversely affect the value of the Notes.

By acquiring the Notes, each Noteholder and each beneficial owner acknowledges, accepts, consents and agrees to be bound by (a) the effect of the exercise of any bail-in power by the Polish resolution authority that may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount of, or any interest on, the Notes or any other outstanding amounts due under, or in respect of, the Notes; (ii) the conversion of all, or a portion, of the principal amount of, or any interest on, the Notes or any other outstanding amounts due under, or in respect of, the Notes into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes; (iii) the cancellation of the Notes; (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and (b) the variation of the terms of the Notes, if necessary, to give effect to the exercise of any Polish bail-in power by the Polish resolution authority. The exercise of any such powers or any suggestion of, or perception of there being an increased likelihood of, such exercise could materially adversely affect the rights of Noteholders, the price or value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

#### ***Minimum requirements for own funds and eligible liabilities (MREL)***

As described above in the risk factor "*The implementation of the Bank Recovery and Resolution Directive into Polish law may adversely affect the Group's business, financial condition, results of operations or prospects*", in order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that all in-scope institutions have sufficient own funds and eligible liabilities available to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied. Each institution must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities (BGF in

Poland) on a case by case basis. The MREL requirement applies to all EU credit institutions (and certain investment firms), not just to those identified as being of a particular size or of systemic importance.

In determining the level of an institution's MREL requirement, the resolution authority must have regard to certain criteria specified in the BRRD and the MREL requirement for that institution will be comprised of a number of key elements, including the required loss absorbing capacity of the institution (which will, as a minimum, equate to the institution's capital requirements under CRD IV, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Items eligible for inclusion in MREL will include an institution's own funds (within the meaning of CRD IV), along with "eligible liabilities", meaning liabilities which, inter alia, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives. The MREL requirement may also have to be met partially through the issuance of contractual bail-in instruments, being instruments that are effectively subordinated to other eligible liabilities in a bail-in or insolvency of the relevant institution.

The Act on the Bank Guarantee Fund, in line with BRRD, requires that Polish banks shall hold a minimum level of own funds and eligible liabilities in relation to total liabilities and own funds. The Act on the Bank Guarantee Fund also empowers the BGF to set out individual MREL requirements for each Polish bank in order to ensure that each Polish bank is able to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied.

***Absence of events of default in respect of Subordinated Notes, Senior Non Preferred Notes, and certain Senior Notes***

The Subordinated Notes, Senior Non Preferred Notes and certain Senior Notes do not provide for any events of default. The Noteholders will not be able to accelerate the maturity of such Notes. Accordingly, if the Issuer fails to meet any obligations under such Notes, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to the Noteholders and, where applicable, the Couponholders for the recovery of amounts owing in respect of any payment of principal or interest on such Notes will be the institution of judicial proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be required to pay any sum or sums sooner than the same would otherwise have been due and payable by it.

***Senior Non Preferred Notes constitute obligations ranking junior to the Senior Notes***

The Issuer's obligations under the Senior Non Preferred Notes including, where applicable any related Coupons, are unsecured so they will rank junior in priority of payment to other creditors (such as depositors and creditors in respect of principal or interest on certain liabilities of the Bank (including the Senior Notes)) of the Issuer, as more fully described herein. Although the Senior Non Preferred Notes may pay a higher rate of interest than comparable notes that are senior to them, there is a substantial risk that investors in notes such as the Senior Non Preferred Notes will lose all or some of their investment should the Issuer become insolvent or become subject to any resolution procedure. Noteholders of Senior Non Preferred Notes face an increased risk compared to the Noteholders of the Senior Notes.

***Subordinated Notes constitute subordinated obligations ranking junior to the Senior Notes***

The Issuer's obligations under the Subordinated Notes including, where applicable any related Coupons, are unsecured and subordinated so they will rank junior in priority of payment to other creditors (such as depositors and other unsecured and unsubordinated creditors of the Bank (including the Senior Notes)) of the Issuer, as more fully described herein. Although the Subordinated Notes

may pay a higher rate of interest than comparable notes that are not subordinated, there is a substantial risk that investors in subordinated notes such as the Subordinated Notes will lose all or some of their investment should the Issuer become insolvent or become subject to any resolution procedure. Subordinated Noteholders face an increased risk compared to the Noteholders of the Senior Notes.

***Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***The terms of the Notes may contain a waiver of set-off rights***

The Terms and Conditions of the Notes provide that, if so specified in the Final Terms, Noteholders waive any deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note against any right, claim, or liability the Issuer has or may have or acquire against any Noteholder, directly or indirectly howsoever arising. As a result Noteholders would not at any time be entitled to set off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

***Notes may be subject to substitution and modification without Noteholder consent***

To the extent that Condition 15 (*Substitution and Variation*) is specified in the relevant Final Terms as being applicable to the Notes provisions relating to the substitution or variation of the Notes, in certain circumstances, such as if a Capital Disqualification Event, an MREL Disqualification Event or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 9(b) occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes or modify the terms of all (but not some only) of the Notes, without any requirement for the consent



or approval of the Noteholders, to ensure that such substituted or varied Notes continue to qualify as Tier 2 Capital or towards the Issuer's MREL Requirements as applicable, or in order to ensure the effectiveness of Condition 25 (*Agreement and Acknowledgment with Respect to the Exercise of Bail-in Tool*).

While the Issuer cannot make changes to the terms of the Notes that, in its reasonable opinion, are materially less favourable to a Noteholder of such Note, there can be no assurances as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

***Discontinuation or replacement of, or changes to "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"***

Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR and WIBOR, **Benchmarks**) have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks (with further changes anticipated) and the introduction of, and transition to, new Benchmarks such as SONIA and SOFR. Any such reforms or other changes to a Benchmark could affect the level of the published rate, including causing it to be lower and/or more volatile than it would otherwise be.

The Programme provides for the issuance of Notes with a floating rate of interest determined on the basis of various Benchmarks. No assurance may be provided that relevant changes will not occur with respect to any such Benchmarks and/or that they will continue to exist. Indeed, transition to new reference rates across different currencies and products is expected or under consideration as of the date of this Base Prospectus. Even prior to the implementation of any changes to a Benchmark, uncertainty as to the nature of alternative reference rates and potential changes to the Benchmark may adversely affect it during the term of the Notes, as well as the return on the Notes and the trading market for securities based on the same Benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. On 5 March 2021, ICE Benchmark Administration Limited (**IBA**), the administrator of LIBOR, published a statement confirming its intention to cease publication of all LIBOR settings, together with the dates on which this will occur, subject to the FCA exercising its powers to require IBA to continue publishing such LIBOR settings using a changed methodology.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

In certain circumstances, the Conditions provide for fallback arrangements in the event that a relevant Benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. The relevant fallback arrangements differ depending on the type of Notes. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

The consequences described above could have a material adverse effect on the value of and return on any such Floating Rate Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant benchmarks could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the Floating Rate Notes.

***The market continues to develop in relation to SONIA and SOFR as reference rates for Floating Rate Notes***

The Programme provides for the issuance of Floating Rate Notes with interest determined on the basis of SONIA and SOFR as reference rates. SONIA and SOFR differ from the reference rates they are intended to replace in a number of material respects. Those are backwards-looking, compounded, risk-free overnight rate. As such, investors should be aware that they may behave materially differently as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to LIBOR which is an unsecured rate. For example, since publication of SOFR began, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates. Investors should be aware that the market continues to develop in relation to these reference rates in the capital markets and their adoption as alternatives to LIBOR and EONIA (Euro Overnight Index Average), respectively. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA and SOFR including term reference rates (which seek to measure the market's forward expectation of an average rate over a designated term). The recent development of SONIA and SOFR as interest reference rates for the Eurobond markets, as well as continued development of SONIA- and SOFR- based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The use of risk-free rates such as SONIA and SOFR in the Eurobond market continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing SONIA and SOFR. In particular, investors should be aware that several different methodologies have been used in SONIA- and SOFR-linked notes issued to date and no assurance can be given that any particular methodology, including the compounding formulae in the Conditions, will gain widespread market acceptance. The market or a significant part thereof may adopt an application of SONIA or SOFR that differs significantly from that set out in the Conditions. Furthermore, the Issuer may in future issue Notes referencing SONIA and/or SOFR that differ materially in terms of interest determination when compared with the Notes. In addition, the manner of adoption or application of SONIA or SOFR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA or SOFR in other markets, such as the derivatives and loan markets. Potential investors should carefully consider how any mismatch between the adoption of SONIA and SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Instruments referencing these reference rates.

### ***SONIA and SOFR have a limited history***

Publication of SONIA and SOFR in their current form began in April 2018 and they therefore have a limited history. The future performance of SONIA and SOFR may therefore be difficult to predict based on their limited historical performance. The level of SONIA and SOFR during the term of the Notes may bear little or no relation to the historical level of SONIA and SOFR. Prior observed patterns, if any, in the behaviour of market variables and their relation to SONIA and SOFR such as correlations, may change in the future.

Furthermore, the rate of interest is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for Noteholders to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes. Further, in contrast to LIBOR-based Notes, if the Notes become due and payable as a result of an Event of Default under Condition 7, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Interest Rate payable in respect of the Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Instruments become due and payable. Any failure of SOFR to gain or maintain market acceptance could adversely affect the return on, value of and market for Notes that pay a floating rate of interest referencing SOFR.

### ***The administrators of SONIA and SOFR may make changes that could change the value of these reference rates or discontinue any of these reference rates***

The Bank of England, the New York Federal Reserve or the European Money Markets Institute (or a successor), as administrators of SONIA and SOFR, respectively, may make methodological or other changes that could change the value of the relevant reference rate, including changes related to the method by which the relevant reference rate is calculated, eligibility criteria applicable to the transactions used to calculate the relevant reference rate, or timing related to the publication of the relevant reference rate. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA or SOFR (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Holders when calculating, adjusting, converting, revising or discontinuing SONIA or SOFR.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository or common safekeeper (as the case may be) for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments through Euroclear and Clearstream, Luxembourg. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

***Investors who purchase bearer Notes in denominations that are not an integral multiple of the Specified denomination may be adversely affected if definitive Notes are subsequently required to be issued***

In relation to any issue of bearer Notes which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum specified denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in its account with the relevant clearing system at the relevant time may not receive a definitive bearer Note in respect of such holding (should definitive bearer Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a specified denomination. If such bearer Notes in definitive Form are issued, holders should be aware that definitive bearer Notes which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

***In the event of a Partial Redemption Noteholders may be left with an amount of Notes lower than the Specified Denomination***

In the event of a partial redemption of Notes in accordance with Condition 9(f) (*Partial redemption*), it is possible that a Holder may be left with an amount of Notes lower than the Specified Denomination, or that is not an integral multiple of the Specified Denomination. Such amounts would be illiquid and difficult to trade, and such a Holder would need to purchase additional Notes in order to be able to trade.

***The conditions of the Notes contain provisions which may permit their modifications without the consent of all investors***

The conditions of the Notes contain provisions for calling meetings of Noteholders (including by way of conference call or by use of a videoconference platform) to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including

Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

***The value of the Notes could be materially adversely impacted by a change in English law, Polish law or administrative law***

The provisions of the Agency Agreement and the Deed of Covenant are based on English law in effect as at the date of this Base Prospectus. The provisions of the Conditions are based on English and Polish law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to law or administrative practice in either jurisdiction after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

***The interest rate on Reset Fixed Rate Notes will reset on each Reset Date, which can be expected to affect interest payments on an investment in Reset Fixed Rate Notes and could affect the market value of Reset Fixed Rate Notes***

Reset Fixed Rate Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the First Margin or the Subsequent Margin, as applicable, as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a Subsequent Reset Rate of Interest). The Subsequent Reset Rate of Interest for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate of interest for prior Reset Periods and could affect the market value of an investment in the Reset Fixed Rate Notes.

#### **Risks relating to the market generally**

***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

***If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the Investor's Currency) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent

market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***The value of Fixed Rate Notes may be adversely affected by movements in market interest rates***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

***Credit ratings assigned to the Issuer may not reflect all the risks associated with an investment in the Notes***

One or more independent credit rating agencies may assign credit ratings to the Notes issued under the Programme. The ratings may not reflect the potential impact of all the risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of notes do not necessarily mean the same thing. The ratings do not address the likelihood that the principal on the Notes will be prepaid, paid on an expected final payment date or paid on any particular date before the legal final maturity date of the Notes. The ratings do not address the marketability of the Notes or any market price. Any change in the credit ratings of the Notes or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

## INFORMATION INCORPORATED BY REFERENCE

The documents set out below that are incorporated by reference in this Base Prospectus are, where indicated, direct translations into English from the original Polish language documents. To the extent that there are any inconsistencies between the original language versions and the translations, the original language versions shall prevail. The information set out shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. the audited consolidated financial statements of the Group as at and for the year ended 31 December 2019 (published on the Issuer's website [https://static3.santander.pl/asset/S/A/B/SAB-RS-2019---ang\\_97825.pdf](https://static3.santander.pl/asset/S/A/B/SAB-RS-2019---ang_97825.pdf) prepared in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS) (the **2019 Consolidated Financial Statements**), audited by PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. included in the consolidated annual report of the Group for the year ended 31 December 2019 which constitute a free translation from the Polish version into the English language:
  - (a) consolidated income statement (page 7);
  - (b) consolidated statement of comprehensive income (page 8);
  - (c) consolidated statement of financial position (page 9);
  - (d) consolidated statement of changes in equity (pages 10-11);
  - (e) consolidated statement of cash flows (page 12); and
  - (f) explanatory notes to the consolidated financial statements (pages 13-174);
2. the separate independent registered auditor's report on the 2019 Consolidated Financial Statements (pages 1-10) which constitutes a free translation from the Polish version into the English language (published on the Issuer's website [https://static3.santander.pl/asset/A/u/d/Auditors-Report-RS-ENG\\_97829.pdf](https://static3.santander.pl/asset/A/u/d/Auditors-Report-RS-ENG_97829.pdf));
3. the audited consolidated financial statements of the Group as at and for the year ended 31 December 2020 (published on the Issuer's website [https://www.santander.pl/regulation\\_file\\_server/time20210223093858/download?id=162274&lang=en\\_US](https://www.santander.pl/regulation_file_server/time20210223093858/download?id=162274&lang=en_US)) prepared in accordance with IFRS (the **2020 Consolidated Financial Statements**), audited by PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. included in the consolidated annual report of the Group for the year ended 31 December 2020, which constitute a free translation from the Polish version into the English language:
  - (a) consolidated income statement (page 6);
  - (b) consolidated statement of comprehensive income (page 7);
  - (c) consolidated statement of financial position (page 8);
  - (d) consolidated statement of changes in equity (pages 9);
  - (e) consolidated statement of cash flows (page 10); and



- (f) explanatory notes to the consolidated financial statements (pages 11-169);
4. the separate independent registered auditor's report on the 2020 Consolidated Financial Statements (pages 1-11) which constitutes a free translation from the Polish version into the English language (published on the Issuer's website [https://www.santander.pl/regulation\\_file\\_server/time20210223094400/download?id=162277&lang=en\\_US](https://www.santander.pl/regulation_file_server/time20210223094400/download?id=162277&lang=en_US));
  5. the unaudited condensed interim consolidated financial statements of the Group for the three-month period ended 31 March 2021 (published on the Issuer's website [https://www.santander.pl/regulation\\_file\\_server/time20210428081836/download?id=162487&lang=en\\_US](https://www.santander.pl/regulation_file_server/time20210428081836/download?id=162487&lang=en_US)) prepared in accordance with International Accounting Standard (IAS) 34, included in the consolidated report of the Group for the three-month period ended 31 March 2021, which constitute a free translation from the Polish version into the English language:
    - (a) condensed consolidated income statement (page 4);
    - (b) condensed consolidated statement of comprehensive income (page 5);
    - (c) condensed consolidated statement of financial position (page 6);
    - (d) condensed consolidated statement of changes in equity (page 7);
    - (e) condensed consolidated statement of cash flows (page 8); and
    - (f) additional notes to consolidated financial statements (pages 14 - 59);
  6. The "Terms and Conditions of the Notes" set out on page 98-138 of the Issuer's base prospectus dated 28 August 2018 relating to the Programme ([https://static3.santander.pl/asset/b/a/s/base-prospectus-under-euro-medium-term-note-programme-as-at-28-aug-2018\\_90849.pdf](https://static3.santander.pl/asset/b/a/s/base-prospectus-under-euro-medium-term-note-programme-as-at-28-aug-2018_90849.pdf));
  7. The "Terms and Conditions of the Notes" set out on page 101-144 of the Issuer's base prospectus dated 12 May 2020 relating to the Programme ([https://www.santander.pl/regulation\\_file\\_server/download?id=161523&lang=en\\_US](https://www.santander.pl/regulation_file_server/download?id=161523&lang=en_US));

The independent registered auditor's reports mentioned above contain references to "Other Information" (including the Management Board Report). Such "Other Information" does not form a part of this Base Prospectus. Any information not listed above but included in the documents incorporated by reference is given for information purposes only. The Issuer accepts responsibility as to the accuracy and completeness of any translations into English set out in any documents incorporated by reference in this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained, free of charge, at the specified offices of the Paying Agent, unless such documents have been modified or superseded. Such documents will also be available to view on the website of Euronext Dublin (<https://live.euronext.com/>).

## **FINAL TERMS AND DRAWDOWN PROSPECTUSES**

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, of the rights attaching to the Notes and the reasons for the issuance and its impact on the Issuer. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes.

## **USE OF PROCEEDS**

The net proceeds of each issue of Notes will be used by the Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

## SELECTED FINANCIAL INFORMATION OF THE ISSUER AND OVERVIEW OF THE GROUP'S FINANCIAL CONDITION

### Presentation of financial information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Group has been derived from the audited consolidated financial statements of the Group for the financial years ended 2020 and 2019. Unless indicated otherwise, all financial data of the Group for 2019 is presented on a restated basis, as disclosed in the 2020 Consolidated Financial Statements. All financial data is disclosed on a revised presentation basis, as disclosed in the 2020 Consolidated Financial Statements.

The Group's financial year ends on 31 December and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Group's financial statements have been prepared in accordance with IFRS as adopted by the European Union.

### Factors affecting comparability

The following factors may affect the comparability of the financial results of the Group for the financial years ended 31 December 2020 and 31 December 2019.

#### *Application of IFRS 16 "Leases"*

The Group changed the presentation of the result of the modification of lease assets/liabilities in the Group's consolidated income statement starting from 1 January 2020 to better reflect the nature of the underlying transactions and accordingly restate the relevant data for 2019. The restated items were previously disclosed as other operating income under profit on lease modifications and as other operating expenses under costs of lease modifications. Since 1 January 2020 they have been netted and presented as other operating income under profit on lease modifications.

	Year ended 31 December 2019	Change of presentation method	Year ended 31 December 2019 (restated)
	<i>(in PLN thousand)</i>		
<b>Other operating income</b>	<b>275,916</b>	<b>(22,421)</b>	<b>253,495</b>
Profit on lease modifications	35,458	(22,421)	13,037
Other operating expenses	(434,304)	22,421	(411,883)
Costs on lease modifications	(23,168)	22,421	(747)

### Selected financial information

For the year ended 31 December 2020, the Group's total income (calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, gains less losses from investment securities, net gains on subordinated entities and other operating income) reached PLN 8,647.3 million, compared with PLN 9,462.1 million for the year ended 31 December 2019, which represents a decrease of 8.61 per cent. The decrease was mainly driven by low reference rates set by the National Bank of Poland (**NBP**) and the volatility in the financial markets in 2020.

As in the year ended 31 December 2019, net interest income was the Group's largest income source in the year ended 31 December 2020 (68.1 per cent. of total income). In the year ended 31 December 2020, net interest income reached PLN 5,888.1 million, compared with PLN 6,580.2 million in the previous year (a decrease of 10.52 per cent.). The main reasons for the decrease in the net interest

income were the low reference rates set by the NBP, reduced lending activity caused by the COVID-19 pandemic, a growth in the portfolio of low-yield financial assets held by the Group and optimisation of the Group's costs of asset funding.

For the year ended 31 December 2020, interest income and similar income decreased by 18.50 per cent. to PLN 6,896.8 million (compared with PLN 8,461.8 million for the year ended 31 December 2019). With a share of 86.80 per cent., loans and advances were the main source of the Group's interest income. For the year ended 31 December 2020, interest income from loans and advances decreased by 18.23 per cent. to PLN 6,004.5 million (compared with PLN 7,342.8 million for the year ended 31 December 2019). This decrease was mainly the result of the low reference rates set by the NBP. For the year ended 31 December 2020, interest income from investment securities decreased by 3.33 per cent. to PLN 826.2 million, compared with PLN 854.7 million for the year ended 31 December 2019.

The decrease in interest expenses for the year ended 31 December 2020 of 46.4 per cent. compared with the previous year was related mainly to a decline in the balance of the term deposits from retail and business customers caused by the transfer of funds from deposits to current accounts and investment products. Interest expenses arising from repo transactions decreased by 92.3 per cent. to PLN 7.4 million as a result of increase in the number of repo operations. There was a decrease of 26.6 per cent. in expenses relating to the Group's debt securities for the year ended 31 December 2020, amounting to PLN 198.8 million (compared with PLN 271.0 million for the year ended 31 December 2019), as a result of the low reference rates set by the NBP.

The Group's net fee and commission income increased by 1.1 per cent. to PLN 2,152.1 million, compared with PLN 2,128.2 million for the year ended 31 December 2019.

The Group's fee and commission income decreased by 0.3 per cent. to PLN 2,638.8 million for the year ended 31 December 2020 (compared with PLN 2,648.0 million for the year ended 31 December 2019). Credit cards-related fees decreased by 19.8 per cent. to PLN 149.0 million for the year ended 31 December 2020 (compared with PLN 185.7 million for the year ended 31 December 2019), because of a reduced number of issued cards as well as a decrease in the number of credit card transactions. Credit-related fees and commissions decreased by 4.7 per cent. to PLN 405.2 million for the year ended 31 December 2020 (compared with PLN 425.1 million for the year ended 31 December 2020) due to decrease in the demand for new loans. Commissions for agency services in connection with the sale of insurance products of external financial entities decreased by 0.9 per cent. to PLN 220.6 million for the year ended 31 December 2020 (compared with PLN 222.5 million for the year ended 31 December 2019). Fees from brokerage activities increased by 120.3 per cent. to PLN 131.4 million for the year ended 31 December 2020 (compared with PLN 59.6 million for the year ended 31 December 2019). Commissions from bank accounts and money transfers decreased by 4.4 per cent. to PLN 312.6 million for the year ended 31 December 2020 (compared with PLN 326.9 million for the year ended 31 December 2019).

For the year ended 31 December 2020, fee and commission expenses decreased by 6.4 per cent. to PLN 486.7 million compared with PLN 519.9 million for the year ended 31 December 2019.

Dividend income amounted to PLN 22.9 million for the year ended 31 December 2020, compared with PLN 99.2 million for the year ended 31 December 2019.

The Group recorded net trading income of PLN 150.5 million for the year ended 31 December 2020, which represented a decrease of 30.2 per cent. compared with the year ended 31 December 2019. In the derivatives and foreign exchange interbank transactions market, the Group generated a profit of PLN 156.6 million in 2020 as compared to PLN 211.5 million in 2019. This component of net trading income excludes net interest income from the CIRS and IRS transactions designated as hedging

instruments under the fair value hedge and the cash flow hedge accounting (PLN 49.8 million for 2020 as compared to PLN 170.0 million for 2019), which is treated as interest income.

Gains less losses on other financial securities for the year ended 31 December 2020 recorded a profit of PLN 253.3 million, compared with a profit of PLN 170.4 million for the year ended 31 December 2019.

Other operating income amounted to PLN 176.0 million for the year ended 31 December 2020, representing a decrease of 30.6 per cent. from PLN 253.5 million for the year ended 31 December 2019.

For the year ended 31 December 2020, the Group's total general and administrative expenses was PLN 1,518.5 million, which represented a 2.4 per cent. decrease in comparison with the previous year (PLN 1,556.5 million for the year ended 31 December 2019). Staff-related expenses decreased by 6.7 per cent. to PLN 1,744.1 million for the year ended 31 December 2020 (compared with PLN 1,869.8 million for the year ended 31 December 2019), mainly due to an increase in remuneration costs. The number of full-time employees decreased to 12,616 as at 31 December 2020.

The Group's contribution to the BGF, the KNF and the National Depository for Securities (*Krajowy Depozyt Papierów Wartościowych S.A.*) increased by 40.1 per cent. to PLN 435.9 million for the year ended 31 December 2019, compared with PLN 311.2 million for the year ended 31 December 2019, mainly as a result of the increase in contributions to the BGF.

As a result of changes in income and expenses, the cost to income ratio for the year ended 31 December 2020 was 51.9 per cent. (compared with 47.2 per cent. for the year ended 31 December 2019). The cost to income ratio is calculated by dividing total costs by total income.

For the year ended 31 December 2020, the Group's allowances for expected credit losses on loans and advances measured at amortised cost amounted to PLN 1,762.8 million, an increase of 44.6 per cent. compared with PLN 1,219.4 million for the year ended 31 December 2019. As at 31 December 2020, the Bank's NPL ratio stood at 5.8 per cent. compared with 5.2 per cent. as at 31 December 2019.

The Group's profit before income tax for the year ended 31 December 2020 was PLN 1,880.9 million compared with PLN 3,244.6 million for the year ended 31 December 2019. The Group's return on equity declined from 9.8 per cent. as at 31 December 2019 to 4.4 per cent. as at 31 December 2020.

The Group's net profit attributable to owners of the Bank for the year ended 31 December 2020 was PLN 1,037.2 million, representing a decrease of 51.5 per cent. compared with the previous year.

The Group's capital adequacy ratios increased in the year ended 31 December 2020. As at 31 December 2020, the TCR stood at 20.04 per cent. compared with 17.07 per cent. as at 31 December 2019. The Common Equity Tier 1 capital ratio was 18.01 per cent. as at 31 December 2020, compared with 15.21 per cent. as at 31 December 2019. The consolidated leverage ratio calculated in accordance with the provisions of the CRR Regulation with regard to the leverage ratio amounted to 10.33 per cent. (compared with 10.05 per cent. in the previous year). As at 31 December 2021 the Group also maintained an additional capital buffer covering the risk of the foreign currency mortgage loans for households of 0.034 per cent.

### **Alternative Performance Measures**

The Base Prospectus includes certain data which the Issuer considers to constitute alternative performance measures (**APMs**) for the purposes of the European Securities Markets Authority (**ESMA**) Guidelines on Alternative Performance Measures.

These APMs are not defined by, or presented in accordance with, IFRS. The APMs are not measurements of the Issuer's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of the Issuer's liquidity.

<b>APM</b>	<b>Definition</b>
Credit risk ratio	Calculated by dividing the net expected credit loss allowance for four consecutive quarters to average equity as at the end of the current reporting period and the end of last year.
Customer net loans/customer deposits	Calculated by dividing the net loans and advances to customers at the end of the current accounting year by deposits from customers at the end of the current accounting year.
Net interest margin	Calculated by dividing the net interest income annualised on a year-to-date basis (excluding interest income from the portfolio of debt securities held for trading and other exposures related to trading) to average net earning assets (excluding financial assets held for trading, hedging derivatives, other exposures related to trading and other loans and advances to customers).
NPL Coverage ratio	Calculated by dividing impairment allowances and advances to customers classified to stage 3 and POCI exposures and measured at amortised cost to gross value of such loans and advances at the end of the reporting period.
NPL ratio (Non-performing loans ratio)	Calculated by dividing gross loans and advances to customers classified to stage 3 and measured at amortised cost and POCI exposures by the portfolio of gross loans and advances to customers measured at amortised cost at the end of the reporting period.
ROA (Return on assets)	Calculated by dividing the profit attributable to the parent's shareholders (for four consecutive quarters) to average total assets (as at the end of the current reporting period and the end of last year).
ROE (Return on equity)	Calculated by dividing the profit attributable to the parent's shareholders (for four consecutive quarters) to average equity (as at the end of the current reporting period and the end of the last year) net of non-controlling interests, current period profit and the undistributed portion of the profit.
ROTE (Return on tangible equity)	Calculated by dividing the profit attributable to the parent's shareholders (for four consecutive quarters) to average tangible equity (as at the end of the current reporting period and the end of the last year) defined as common equity attributable to parent's shareholders less revaluation reserve, current year profit, dividend, undistributed portion of the profit, intangible assets and goodwill.
Total costs/Total income	Calculated by dividing total operating expenses by total income, where total operating expenses comprise staff, operating and management costs, depreciation/amortisation and other operating expenses, and total income is a sum of net interest income, net fee and commission income, dividend income, net trading income and revaluation, net gains/losses on subordinated entities, gains/losses on other financial securities and other operating income.
Total income	a sum of net interest income, net fee and commission income, dividend income, net trading income and revaluation, net gains/losses on subordinated entities, gains/losses on other financial securities and other operating income.
Net interest income/Total income	Calculated by dividing net annual interest income by total income where total income is a sum of net interest income, net fee and commission income, dividend income, net trading income and revaluation, net gains/losses on subordinated entities, gains/losses on other financial securities and other operating income.
Net commission	Calculated by dividing net fee and commission income by total income, where total

<b>APM</b>	<b>Definition</b>
income/Total income	income is a sum of net interest income, net fee and commission income, dividend income, net trading income and revaluation, net gains/losses on subordinated entities, gains/losses on other financial securities and other operating income.

The Issuer believes that the above measures provide useful information to investors for the purposes of evaluating the financial condition and results of operations of the Group, the quality of its assets and the fundamentals of its business.

In particular:

- (a) the ratios presented by the Issuer are aimed at quantifying certain aspects of the Issuer's business and its strengths within the context of the Polish banking system; and
- (b) the alternative performance measures, although not required by law in the preparation of financial statements, allow for comparisons with other banks, over different periods of time and between the Issuer and the average industry standards.

However, the Issuer's use and method of calculation of APMs may vary from other companies' use and calculation of such measures.



## Group financial information for the years ended 31 December 2020 and 31 December 2019

### Consolidated Income Statements

	Year ended 31 December	
	2020	2019
	<i>(PLN thousands)</i>	
Interest income and similar income	6,896,752	8,461,836
Interest expenses	(1,008,603)	(1,881,667)
<b>Net interest income</b>	<b>5,888,149</b>	<b>6,580,169</b>
Fee and commission income	2,638,807	2,648,049
Fee and commission expenses	(486,701)	(519,877)
<b>Net fee and commission income</b>	<b>2,152,106</b>	<b>2,128,172</b>
Dividend income	22,883	99,221
Net trading income and revaluation	150,509	215,549
Gains (losses) from other financial securities	257,712	185,475
Other operating income	175,979	253,495
Impairment allowances for expected credit losses	(1,762,812)	(1,219,353)
Operating expenses, including:	(4,487,986)	(4,466,290)
<i>Staff, operating expenses and management costs</i>	(3,262,541)	(3,426,232)
<i>Amortisation of property, plant and equipment and intangible assets</i>	(405,263)	(425,224)
<i>Amortisation of right of use of assets</i>	(188,332)	(202,951)
<i>Other operating expenses</i>	(631,850)	(411,880)
Share in net profits of entities accounted for by the equity method	86,360	67,192
Tax on financial institutions	(602,003)	(599,034)
<b>Profit before tax</b>	<b>1,880,897</b>	<b>3,244,596</b>
Corporate income tax	(643,723)	(800,488)
<b>Consolidated profit for the period</b>	<b>(1,237,174)</b>	<b>2,444,108</b>
of which		
<i>attributable to owners of the Issuer</i>	1,037,167	2,138,347
<i>attributable to non-controlling interests</i>	200,007	305,761
<b>Net earnings per share (PLN/share)</b>		
Basic earnings per share	10,16	20,95
Diluted earnings per share	10,15	20,92

### Consolidated statements of comprehensive income

	Year ended 31 December	
	2020	2019
	<i>(PLN thousands)</i>	
<b>Consolidated profit for the period</b>	<b>1,237,174</b>	<b>2,444,108</b>
<b>Other comprehensive income which can be transferred to the profit and loss account:</b>	541,358	208,609
Revaluation and sales of debt securities measured at fair value through other comprehensive income gross	649,030	208,554
Deferred tax	(123,316)	(39,625)
Revaluation of cash flow hedging instruments gross	19,314	48,988
Deferred tax	(3,670)	(9,308)
<b>Other comprehensive income which can't be transferred to the profit and loss account</b>	<b>(23,342)</b>	<b>48,950</b>
Revaluation and sales of equity securities measured at fair value through other comprehensive income gross	(26,655)	67,861

Deferred and current tax	4,874	(17,822)
Provision for retirement allowances - actuarial gains/losses, gross	(1,927)	(1,345)
Deferred tax	366	256
<b>Other comprehensive income for the period, net of income tax</b>	<b>518,016</b>	<b>257,559</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,755,190</b>	<b>2,701,667</b>
Attributable to:		
<i>owners of the Issuer</i>	1,552,918	2,399,940
<i>non-controlling interests</i>	202,272	301,727

*Consolidated statements of financial position*

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<i>(PLN thousands)</i>	
<b>ASSETS</b>		
Cash and balances with central banks	5,489,303	7,973,014
Loans and advances to banks	2,926,522	3,716,582
Financial assets held for trading	3,182,769	2,058,508
Hedging derivatives	7,654	43,973
Loans and advances to customers, including:	141,998,745	143,402,629
- <i>measured at amortised cost</i>	139,549,728	141,282,371
- <i>measured at fair value through other comprehensive income</i>	1,556,791	923,811
- <i>measured at fair value through profit or loss</i>	892,226	1,196,447
Buy-sell-back transactions	293,583	1,851,171
Investment securities, including:	66,783,434	41,328,134
- <i>debt securities measured at fair value through other comprehensive income</i>	65,700,052	40,248,937
- <i>debt securities measured at fair value through profit and loss</i>	110,155	194,285
- <i>equity securities measured at fair value through other comprehensive income</i>	857,331	884,912
- <i>equity securities measured at fair value through profit and loss</i>	115,896	-
Assets pledged as collateral	657,664	1,089,558
Investments in associates	998,397	903,113
Intangible assets	708,356	772,117
Goodwill	1,712,056	1,712,056
Property, plant and equipment	803,429	874,078
Right of use assets	710,657	838,792
Net deferred tax assets	1,996,552	1,847,916
Assets classified as held for sale	11,901	2,679
Other assets	1,030,287	1,061,846
<b>Total assets</b>	<b>229,311,309</b>	<b>209,476,166</b>
<b>LIABILITIES AND EQUITY</b>		
Deposits from banks	5,373,312	5,031,744
Hedging derivatives	1,775,098	995,627
Financial liabilities held for trading	3,030,340	1,856,813
Deposits from customers	171,522,255	156,480,343
Sell-buy-back transactions	653,687	990,863
Subordinated liabilities	2,754,605	2,630,271
Debt securities in issue	11,241,312	10,629,516
Lease liabilities	624,690	746,632
Current income tax liabilities	79,049	343,763
Provisions for off-balance sheet credit facilities	64,541	66,109

Other provisions	952,115	445,615
Other liabilities	2,582,315	2,279,360
<b>Total liabilities</b>	<b>200,653,319</b>	<b>182,496,656</b>
<b>Equity</b>		
<b>Equity attributable to owners of the Issuer</b>	<b>26,994,750</b>	<b>25,431,987</b>
Share capital	1,021,893	1,020,883
Other reserve capital	21,296,994	20,141,925
Revaluation reserve	1,839,292	1,316,061
Retained earnings	1,799,404	814,771
Profit for the current period	1,037,167	2,138,347
<b>Non-controlling interests in equity</b>	<b>1,663,240</b>	<b>1,547,523</b>
<b>Total equity</b>	<b>28,657,990</b>	<b>26,979,510</b>
<b>Total liabilities and equity</b>	<b>229,311,309</b>	<b>209,476,166</b>

*Selected financial ratios of the Group (unaudited)*

	<b>2020</b>	<b>2019</b>
Total costs/Total income	51.9%	47.2%
Net interest income/Total income	68.1%	69.5%
Net interest margin	2.87%	3.46%
Net commission income/Total income	24.9%	22.5%
Customer net loans/Customer deposits	82.8%	91.6%
NPL ratio	5.8%	5.2%
NPL coverage ratio	57.9%	53.8%
Credit risk ratio	1.21%	0.85%
ROE	4.4%	9.7%
ROTE	5.3%	11.7%
ROA	0.5%	1.0%
TCR	20.42% <sup>**</sup>	20.04% <sup>*</sup>
Tier I ratio	18.38% <sup>**</sup>	18.01% <sup>*</sup>
Book value per share (in PLN)	280.44	264.28
Earnings per share (in PLN)	10.16	20.95

*\*including adjustment resulting from the allocation of profit for the financial year ended 31 December 2020 to own funds, approved by the Bank's general meeting on 22 March 2021.*

*\*\*as disclosed in the 2020 Consolidated Financial Statements*

## DESCRIPTION OF THE GROUP

### Overview

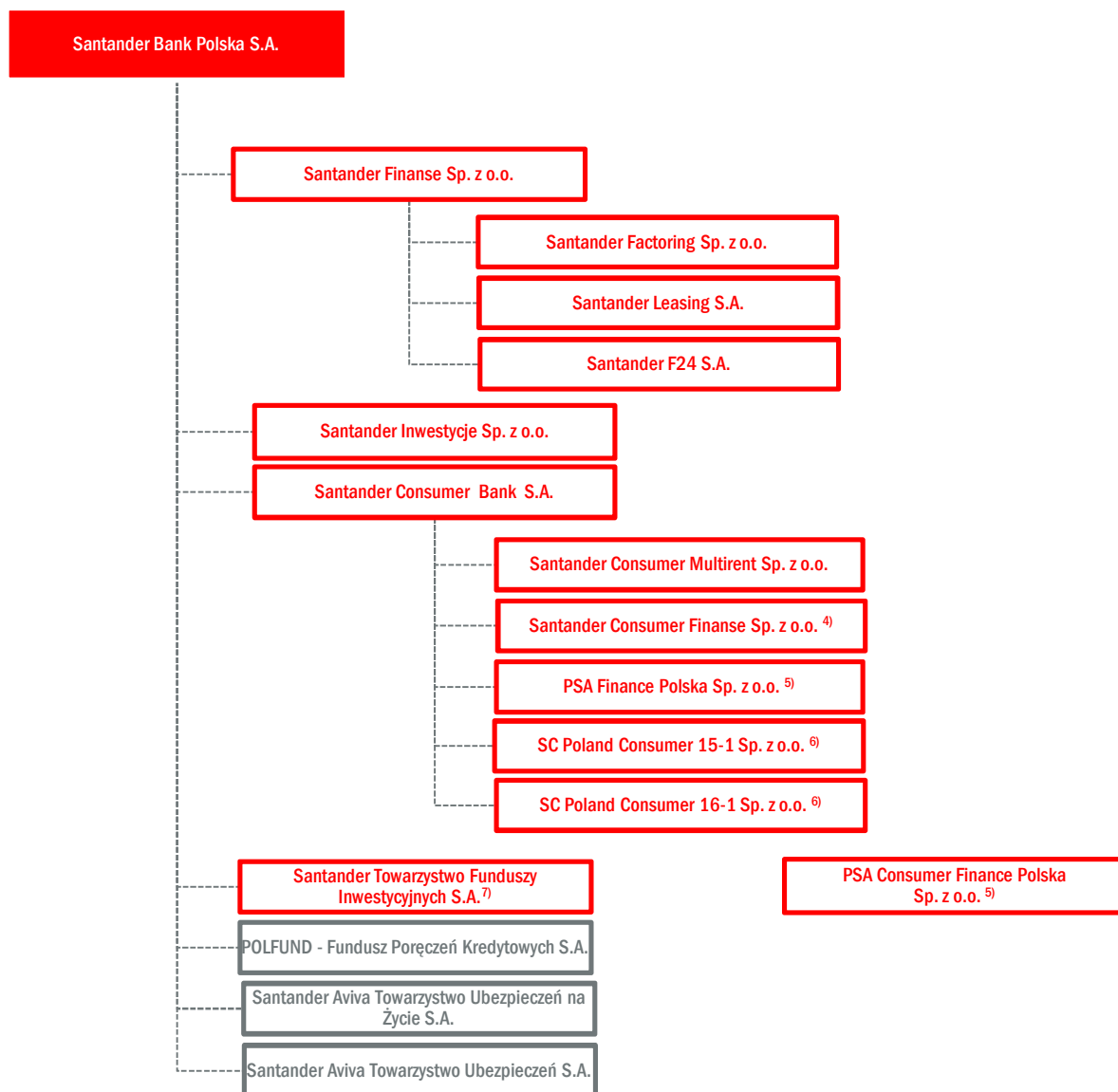
The Group is one of the largest financial services groups in Poland, providing retail, corporate and investment banking as well as other financial services. Based on the financial information for the year ended 31 December 2020 published by Polish banks, the Group was Poland's second largest banking group in terms of total equity and net loans and Poland's third largest banking group in terms of total assets and deposits. Based on the Management's Board assessment, the Group had approximately 7.1 million customers in Poland as at 31 December 2020. In 2020, the Group generated a consolidated profit before tax of PLN 1,880.9 billion. As at 31 December 2020, the Group's total assets were PLN 229,311.3 billion, and it had cash and balances with the central bank of PLN 5,489.3 billion and TCR of 20.04 per cent.

The main products and services which the Group provides to retail customers, including private banking customers, comprise in particular current and saving accounts, business accounts for microbusinesses, credit products, deposit products, payment cards, investment products, insurance products (including bancassurance products), brokerage services, and leasing for microbusinesses. The Group offers a wide variety of credit products to its retail customers, including consumer loans, mortgage loans and brokerage lines. On the deposit side, the Bank focuses on savings and current accounts as well as term deposits. The Bank also offers its retail customers brokerage products, investment funds, transaction services and foreign exchange services.

The Group's range of products and services for corporate clients is focused on transactional banking products and services, primarily business accounts, local and foreign transfers, payment cards, cash services and liquidity management products. These are combined with business financing products which are used as a means of maintaining long-term banking relationships with clients and a platform for cross selling more sophisticated non-capital intensive products and services, such as hedging instruments, services relating to capital markets and mergers and acquisitions, as well as factoring and leasing.

The Bank is a joint-stock company (*spółka akcyjna*) whose shares are traded on the regulated market of the WSE. It is entered in the register of entrepreneurs of the National Court Register under number 0000008723 and its registered office is in Warsaw at al. Jana Pawła II 17, 00-854 Warsaw, Poland. Its telephone number is +48 61 81 1 9999. The principal acts of law governing the Bank's operations are the Banking Law and the Commercial Companies Code dated 15 September 2000 (the **Commercial Companies Code**).

Set out below is the structure of the Group as at 31 December 2020:



(1) Santander Leasing Poland Securitization 01 Designated Activity Company with its registered office in Dublin is a special purpose vehicle incorporated on 30 August 2018 for the sole purpose of securitisation of a lease and credit portfolio. The company does not have any capital or personal connections with Santander Leasing S.A., its parent entity.

(2) Santander Consumer Financial Solutions Sp. z o.o. with a registered office in Wrocław was incorporated on 27 August 2020. It is a wholly-owned subsidiary of Santander Consumer Multirent Sp. z o.o., specialising in finance lease, mainly in the segment of passenger cars and vans.

SCM Poland Auto 2019-1 DAC with its registered office in Dublin was incorporated on 18 November 2019. Its shareholder is a legal person that is not connected with the Group. It is an SPV established to securitise a part of the lease portfolio of Santander Consumer Multirent Sp. z o.o. which holds control over the entity.

(3) Extraordinary General Meeting of Santander Consumer Finanse Sp. z o.o. of 23 December 2020 decided to dissolve and liquidate the company as of 31 December 2020.

(4) The investment in PSA Finance Polska Sp. z o.o. is an investment in a subsidiary for the purpose of consolidated financial statements due to the fact that it is controlled by Santander Consumer Bank S.A./SCB S.A. (directly) and Santander Bank Polska S.A. (indirectly).

SC Poland Consumer 15-1 Sp. z o.o. and SC Poland Consumer 16-1 Sp. z o.o. are SPVs set up for the purpose of securitisation of part of SCB credit portfolio. The shareholder of each of the companies is a legal person that is not connected with the Group. The companies are controlled by SCB S.A.

(5) Both owners of Santander Towarzystwo Funduszy Inwestycyjnych S.A. (Santander TFI S.A.), i.e. Santander Bank Polska S.A. and Banco Santander S.A., are members of Santander Group and hold an equal stake of 50% in the company's share capital. Santander TFI S.A. is controlled by Santander Bank Polska S.A.

## History

Bank Zachodni S.A. (**BZ**) and Wielkopolski Bank Kredytowy S.A. (**WBK**), the Bank's predecessors, were spun off from the NBP in 1989 as part of the transformation of the Polish economy onto a free market footing. From 1995 to 1999, the Allied Irish Banks group (**AIB**) acquired a majority stake in both BZ and WBK from the State Treasury of the Republic of Poland.

The Bank was created as a result of the merger of BZ and WBK. It was entered in the National Court Register on 13 June 2001.

In 2001, shares in the Bank were offered to the public in an initial public offering. AIB was the majority shareholder of the Bank and held approximately 70 per cent. of the shares.

On 1 April 2011, AIB sold its entire stake in the Bank to Santander.

On 11 May 2012, Santander and KBC Bank NV, a majority shareholder of the Polish bank Kredyt Bank S.A. (**Kredyt Bank**), signed a merger plan relating to the Bank and Kredyt Bank. On 4 January 2013, the merger of both banks was entered in the National Court Register. Under the merger, the Bank acquired all of the assets of Kredyt Bank.

On 27 November 2013, the Bank acquired 60 per cent. of the shares in SCB from Santander and Santander Consumer Finance.

On 9 November 2018, the Bank acquired a part of Deutsche Bank Polska S.A.'s (**DB PL**) business from Deutsche Bank AG, consisting of retail banking, private banking, SME banking and securities brokerage.

On 9 March 2018, the Bank filed an application with the KNF to establish a mortgage bank. On 6 May 2020 the Bank decided to suspend the process of establishing the mortgage bank.

On 7 September 2018, the Bank changed its name from "Bank Zachodni WBK S.A." to "Santander Bank Polska S.A." and moved its registered office from Wrocław to Warsaw.

On 26 March 2021 the Bank entered into a share purchase agreement with Allianz Holding Eins GmbH (**Allianz**) concerning the sale of shares held by the Bank in AVIVA Towarzystwo Ubezpieczeń na Życie S.A. (**AVIVA Life Insurance**) to Allianz. On 26 March 2021 the Bank also undertook to execute a share purchase agreement concerning the sale of shares held by the Bank in AVIVA Powszechnie Towarzystwo Emerytalne Aviva Santander S.A. to AVIVA Life Insurance. The Bank also undertook to execute, upon the completion of the share sale transactions, a termination agreement with Aviva International Holdings Limited (**Aviva International**), Aviva International Insurance Limited, Santander Aviva Towarzystwo Ubezpieczeń na Życie S.A. (**Santander Aviva Life Insurance**) and Santander Aviva Towarzystwo Ubezpieczeń S.A. (**Santander Aviva Insurance**) concerning the cooperation between the Bank and Aviva International in Santander Aviva Life Insurance and Santander Aviva Insurance. Upon the completion of the share sale transactions the Bank and Allianz will enter into shareholder agreements concerning Santander Aviva Life Insurance and Santander Aviva Insurance. The transaction is part of the acquisition of the Polish operations of Aviva group by Allianz Group.

## Ratings

As at the date of this Base Prospectus, the Bank has the following ratings:  
Fitch Ratings Ireland Limited, acting through its Polish branch, Fitch Ratings Ireland Limited spółka z ograniczoną odpowiedzialnością oddział w Polsce (**Fitch**)

<b>Category</b>	<b>Rating</b>	<b>Outlook</b>
Long-term IDR	BBB+	stable
Short-term IDR	F2	-
Viability rating	bbb+	-
National long-term rating	AA(pol)	stable
National short-term rating	F1+(pol)	-
Short-term senior unsecured rating for eurobonds	F2	-
Long-term senior unsecured rating for eurobonds	BBB+	-

Moody's Deutschland GmbH (**Moody's**)

<b>Category</b>	<b>Rating</b>	<b>Outlook</b>
Counterparty risk rating	A-1/P-1	-
Bank deposits	A-1/P-1	-
Baseline credit assessment	baa2	-
Adjusted baseline credit assessment	baa1	-
Counterparty risk assessment	A1(cr)/P-1(cr)	-
Senior unsecured	A3	stable

## Strategy

The Bank's Management Board adopted a new strategy for 2021-2023. The new strategy builds on the foundations created by implementing the previous strategies. The strategy promotes a customer-centric approach to business management, continuous improvement of service quality and product range through digitalisation, increases in operational efficiency, innovative and simple solutions, and transparency. One of the strategy's fundamental elements is the Bank's corporate culture, which is focused on increasing the engagement and motivation of employees and the social responsibility of the Bank. The Bank's strategic goal is to become the best financial institution in Poland for retail and corporate customers and the best employer in the Polish banking sector.

As part of its strategic vision, the Bank will target the following goals:

- become a leading bank in terms of service quality, focusing on customer needs and expectations;
- build long-term relationships with customers based on trust, loyalty and enhanced customer experience;
- anticipate clients' needs and respond to them with tailored products, services and solutions;
- modernise banking services through digital transformation, including end-to-end processes and changes to the operating model towards a more effective and less capital-intensive one;
- increase the number of digital customers;
- focus on the growth of profitable business, strengthening its position in the key market segments and expanding its business through both organic and inorganic growth;

- create an engaging work environment through collaboration, communication and bottom-up initiatives in all of the Bank's units;
- enhance effectiveness and streamline internal processes in line with the "Agile" methodology; and
- combine the maximisation of shareholder value with a commitment to the growth of local communities.

### **Competitive strengths**

The Group has stable sources of funding, a solid capital and liquidity position and a diversified asset portfolio. The Group's competitive position has been supported by a clear strategic vision, an efficient business model, a broad and diversified scope of business as well as benefits and synergies achieved by the Bank as a member of Santander Group. The business scale, quality of products and services and strong focus on building lasting relationships with customers, allow the Group to compete successfully with the largest players in the Polish banking market. At the same time, a wide array of complementary services for respective customer segments, a large Poland-wide branch network, modern banking technologies and rapidly expanding functionality and the integration of remote distribution channels provide an opportunity for further market penetration.

### **Business**

The Group offers a broad range of retail, corporate and investment banking services and products to individual retail customers, small and medium enterprises, and large corporates and public sector entities, including local authorities. The Group's operations are divided into the following reporting segments:

- Retail Banking, which comprises a wide range of products and services to individual clients and small companies. The offer for individual customers covers a wide range of savings products, consumer and mortgage loans, credit and debit cards, insurance and investment products, clearing services, brokerage house services, mobile phone top-ups, foreign payments and Western Union and private banking services. The offering for small companies covers lending and deposit-taking services, cash management services, leasing, factoring, letters of credit and guarantees. The Retail Banking segment also offers asset management services.
- Business and Corporate Banking, which comprises a wide range of banking services, including deposits and lending, cash management, leasing, factoring, trade financing and bank guarantees offered to business clients, local government and public sector entities. It also covers insourcing services provided to retail customers based on mutual agreements with other banks and financial institutions.
- Corporate and Investment Banking, which comprises a wide range of products and services, including investment banking services for the largest local and international corporates.
- Assets and Liabilities Management (ALM) and Centre, which comprises the central operations of the Group, including liquidity, interest rate and foreign exchange risk management, and the Group's strategic investments and transactions which cannot be assigned to another segment.
- Santander Consumer, which comprises consumer loan products, including car loans, credit cards and car lease products to individual and business clients.



The table below shows certain segment information for 2020 and 2019 which is derived from note 3 to the 2020 Consolidated Financial Statements. For a more detailed description of how the segment information has been prepared, see note 3 to the 2020 Consolidated Financial Statements.

	<b>Retail Banking*</b>	<b>Business and Corporate Banking</b>	<b>Corporate and Investment Banking</b>	<b>ALM and Centre</b>	<b>Santander Consumer</b>	<b>Total</b>
	(PLN thousand)					
Net interest income	3,272,247	908,387	306,784	95,452	1,305,279	<b>5,888,149</b>
Net fee and commission income	1,295,572	434,130	295,034	(32,906)	160,276	<b>2,152,106</b>
Other income	45,247	42,954	135,105	293,198	67,696	<b>584,200</b>
Dividend income	-	-	194	22,654	35	<b>22,883</b>
Operating costs	(2,024,253)	(425,908)	(241,429)	(520,184)	(682,617)	<b>(3,894,391)</b>
Depreciation/amortisation	(341,676)	(57,581)	(22,301)	(110,111)	(61,926)	<b>(593,595)</b>
Impairment losses on loans and advances	(962,254)	(336,015)	(117,099)	(24,227)	(323,217)	<b>(1,762,812)</b>
Share in net profits (loss) of entities accounted for by the equity method	-	-	-	86,360	-	<b>86,360</b>
Tax on financial institutions	-	-	-	(560,781)	(41,222)	<b>(602,003)</b>
Profit before tax	1,284,883	565,967	356,288	(750,545)	424,304	<b>1,880,897</b>
	<b>Retail Banking*</b>	<b>Business and Corporate Banking</b>	<b>Corporate and Investment Banking</b>	<b>ALM and Centre</b>	<b>Santander Consumer</b>	<b>Total</b>
	(PLN thousand)					
Net interest income	3,228,188	824,276	295,625	654,592	1,577,488	<b>6,580,169</b>
Net fee and commission income	1,327,664	440,241	242,000	(15,138)	133,405	<b>2,128,172</b>
Other income	68,607	62,059	90,286	380,430	53,137	<b>654,519</b>
Dividend income	-	-	1,437	97,760	24	<b>99,221</b>
Operating costs	1,961,782	447,728	247,821	494,000	686,784	<b>3,838,115</b>
Depreciation/amortisation	(346,625)	(56,830)	(24,662)	(1122,759)	(77,299)	<b>(628,175)</b>
Impairment losses on loans and advances	(820,170)	(92,547)	24,023	(30,584)	(300,075)	<b>(1,219,353)</b>
Share in net profits (loss) of entities accounted for by the equity method	-	-	-	67,192	-	<b>67,192</b>
Tax on financial institutions	-	-	-	(554,368)	(44,666)	<b>(599,034)</b>
Profit before tax	1,495,882	729,471	380,888	(16,875)	655,230	<b>3,244,596</b>

\*includes individual customers, small and medium enterprises and Wealth Management (private banking and Santander Towarzystwo Funduszy Inwestycyjnych S.A.)

## Retail Banking

### Overview

The retail banking segment is divided into two divisions: the retail banking division and the SME banking division.

### *Retail banking division*

The retail banking division offers a full range of banking products for individual customers. The key products include current and savings accounts, deposits, lending products (retail mortgage loans and non-mortgage loans), credit and debit cards, and insurance products. The customers are assigned to Standard, Premium, Select and Private Banking segments. The principal difference between the segments is the level of personalisation of services offered to clients.

#### *Personal accounts*

As at 31 December 2020, the Bank maintained 4.0 million personal accounts, including foreign currency accounts. The most popular personal account is the "Account As I Want It", a product which allows the customer to customise additional services and options bundled with the account.

Together with personal accounts, the Bank offers its customers Visa and MasterCard debit cards. Thanks to the online banking platform, the cardholders can modify the card parameters on their own. As at 31 December 2020, the Bank's personal debit card portfolio was 3.9 million cards, a 1.5 per cent. increase on 2019.

#### *Savings and investment products*

The Bank's deposit products cover a wide range of possibilities, including a variety of deposit accounts and term deposits. Private banking and Select customers have the ability to negotiate the terms of savings products with the Bank. As at 31 December 2020, aggregate deposits from individuals were PLN 92.4 billion, a 9.0 per cent. increase on 2019. As at 31 December 2020, the balance of savings accounts was PLN 31.6 billion, which represented an 8.9 per cent. increase on 2019.

The retail banking segment offers its clients a variety of structured deposit products. The yield on these products is linked to exchange rates, stock exchange indices and investment fund performance. All structured products offer complete protection for deposited funds.

#### *Brokerage products and investment funds*

The brokerage products offered by the Bank's brokerage house, which is an independent unit within the Bank, are focused on investment advice and giving customers access to securities traded on foreign stock exchanges.

Santander Towarzystwo Funduszy Inwestycyjnych S.A., a fund manager, manages a variety of investment funds. As at 31 December 2020, the total net assets under management were almost PLN 16.2 billion and decreased by 4.4 per cent. compared to 2019.

#### *Lending products*

Customers of the retail banking segment have access to a variety of loan products, from credit cards and short-term cash loans to mortgage loans. In 2020, the value of the cash loan portfolio increased by 1.6 per cent. compared with 2019 and, as at 31 December 2020, was PLN 14.5 billion. The Group's mortgage loan portfolio grew by 3.3 per cent. to PLN 51.0 billion as at 31 December 2020. The value of PLN-denominated mortgage loans originated by the Group loans grew by 4.2 per cent. and was PLN 41.6 billion as at 31 December 2020. As at 31 December 2020, the number of credit cards issued by the Bank was 811.4 thousand, a 1.2 per cent. increase compared with 2019. Loans advanced to customers of the retail banking segment are predominantly denominated in PLN. Only customers whose income is denominated in a foreign currency are eligible to apply for a loan denominated in that currency.

### *Bancassurance*

The Bank offers its retail customers a full range of insurance products, both linked to credit and loans advanced by the Bank, and offered on an independent basis. The Bank is an agent of two affiliated insurance companies, Santander Aviva Insurance and Santander Aviva Life Insurance. The Bank is also an agent of Compensa Towarzystwo Ubezpieczeń S.A., an insurance company from Vienna Insurance Group.

### *SME Banking Division*

Clients of the SME Banking Division are small and medium-sized enterprises with an annual turnover of up to PLN 5 million. Additionally, the Bank has developed a separate digital segment for customers who prefer to access banking services through remote channels. The Bank's goal in the SME Banking Division is to support the business expansion of small and medium-sized companies based on the following three pillars:

- top-quality customer services provided through qualified branch advisers and robust remote communication channels;
- building loyalty and long-term relationships with customers; and
- simple but distinctive products with additional non-financial services.

The clients of the SME Banking Division are offered a wide range of accounts customised for business needs. The Bank also offers an extensive choice of credit facilities, including working capital financing, investment loans, guarantees, leasing and factoring facilities. The offering is complemented by deposit and investment products, trade finance services and treasury services.

### *Leasing*

Leasing services are provided by the Bank's subsidiary, Santander Leasing S.A. (**Santander Leasing**), which offers a wide range of asset financing to SMEs, corporate and large corporate customers. Santander Leasing focuses on the lease of machines and equipment, property and vehicles. Insurance and fuel cards are offered as ancillary products.

In 2020, the value of fixed assets leased by Santander Leasing was PLN 5.36 billion, a 1.1 per cent. decrease as compared with 2019.

### *Business and Corporate Banking*

The Business and Corporate Banking Division serves business customers with an annual turnover exceeding PLN 8 million and a credit exposure of more than PLN 5 million. The customers of this division are divided into two groups: the corporate segment and the property finance segment.

The Bank is focused on developing a comprehensive product range for the sectors it has identified as strategic to provide clients in these sectors with services tailored to their needs. Additionally, the Bank has taken a number of initiatives aimed at increasing its market profile, including participating in industry events, publishing in industry media, preparing reports and analyses for the Bank's customers, and providing training to its employees. The loans advanced to customers of the Business and Corporate Banking Segment are denominated mostly in PLN. Loans denominated in foreign currencies are available only to companies which have revenues denominated in foreign currencies. As at 31 December 2020, the value of the loan portfolio in the Business and Corporate Banking Division was PLN 5.6 billion, a 10.4 per cent. increase compared with 31 December 2019.

The Business and Corporate Banking segment also covers factoring services rendered by the Bank's subsidiary, Santander Factoring sp. z o.o. (**Santander Factoring**). The factoring services cover recourse and non-recourse factoring, domestic and foreign reverse factoring, bills of exchange discounting and confirming.

In 2020, the value of receivables purchased by Santander Factoring was PLN 29.6 billion, a 1.6 per cent. increase compared with 2019. According to the Polish Association of Factoring Companies, Santander Factoring has a 10.3 per cent. market share in the Polish market and holds fourth position in the ranking of Polish factoring companies.

### *Corporate and Investment Banking*

The Corporate and Investment Banking Division services the Bank's largest corporate customers in Poland as well as foreign corporates serviced by the global Santander Corporate and Investment Banking division. As at 31 December 2019, the Global Corporate Banking Division had 250 customers in Poland.

The Global Corporate Banking division offers an exhaustive range of products, including transactional banking, short-, mid- and long-term financing, underwriting, guarantees, M&A advisory, share issuances, liquidity management and custodian services. The Global Corporate Banking Division is split into the following units, which cover separate business lines:

- the Credit Markets Department, providing medium- and long-term financing through credit facilities and bond issues;
- the Capital Markets Department, covering analytical and advisory services;
- the Global Transactional Banking Department, which provides financing and cash management services; and
- the Financial Markets Area, which provides brokerage and treasury services offering hedging instruments.

### *ALM and Centre*

ALM and Centre covers the Bank's central operations, such as financing other segments of the Group and managing liquidity, interest rates and foreign exchange risks. It also manages the Bank's strategic investments and handles transactions which cannot be assigned to other segments of the Group. ALM and Centre is also responsible for providing the Group's management with market analyses and supporting the Group's risk management units.

### *Santander Consumer*

SCB is a bank focused on consumer finance, and provides credit facilities to households, car dealers and car importers. Its lending product portfolio covers cash loans, instalment loans, car loans, business loans and credit cards. It also provides car financing services for cars manufactured by the PSA group through its subsidiaries PSA Finance Polska sp. z o.o. and PSA Consumer Finance Polska sp. z o.o.

Although SCB is a subsidiary of the Bank, it is an independent bank with its own strategy, risk management process and product offering. Additionally, SCB has its own distribution network, independent of the Bank's distribution network. The key goal of SCB, set out in SCB's strategy for the years 2020 – 2022, is to strengthen relationships with customers and increase their satisfaction. SCB intends to develop the electronic banking channels, increase the share of sales conducted through

the electronic banking channels, increase its share in the consumer finance market and improve its technological and data management capabilities.

As at 31 December 2020, the gross amount of loans and cash advances provided by SCB and its subsidiaries was PLN 15.9 billion, which was 9.6 per cent. lower than as at 31 December 2019. The amount of deposits as at 31 December 2020 was PLN 9.5 billion, an 8.3 per cent. decrease compared with 2019.

### **Distribution Network**

The Bank is developing its distribution model with the aim of creating an omnichannel bank with a wide network of branches and market-leading digital banking solutions. The main role of the branches will be to develop relationships with customers, promote digital distribution channels and sell more complex products.

As at 31 December 2020, the Bank had 456 branches, a decrease of 59 compared with 31 December 2019. Additionally, the Bank had 138 partner outlets offering certain of the Bank's products and services. The partner outlets are located mainly in small and medium-sized towns. The Bank is developing a new branch format, the "WorkCafe", which combines a branch of a bank with a co-working space and a café. The Bank is seeking to optimise its branch network by liquidating and relocating certain branches and transforming other branches into partner outlets. As at 31 December 2020, the Bank's ATM network comprised 1,661 machines. 930 of the Bank's ATMs are able to accept cash deposits.

The Bank has been developing "Santander24", its mobile and internet banking offering. The Bank is constantly expanding the range of products and services which are available to customers through remote channels, including the electronic banking system available on the Bank's website and the mobile banking app.

As at 31 December 2020, the number of the Bank's digital customers, i.e. customers who logged into the electronic banking system at least once, was 4.2 million, a 5.5 per cent. decrease compared with 31 December 2019. The number of users of the smartphone app increased by 18 per cent. to 2.7 million as at 31 December 2020.

The Bank has set up the Multichannel Communication Centre, which manages the various ways in which customers can contact the Bank, such as a helpline, an internet chat facility, video calls, emails and an online contact form. The purpose of the Multichannel Communication Centre is to facilitate interaction between the Bank and its customers, and encourage customers to purchase the Bank's products through remote distribution channels.

Santander Consumer distributes its products through its own branches and franchise outlets. Car loans are also distributed by mobile sales structures and a network of partner outlets. Certain products are also available through the remote banking channels. As at 31 December 2020, SCB had 94 branches (150 as at 31 December 2019), 183 partner outlets (170 as at 31 December 2019) and 253 thousand electronic banking users (209 thousand as at 31 December 2019).

### **Capital management**

The Bank's management board is responsible for the Group's capital management, including the assessment of capital adequacy in various economic scenarios and the evaluation of stress test results and their impact on the Group's internal capital and capital adequacy. The Bank's supervisory board oversees the internal capital estimations.

Under the CRR Regulation, the Bank has to satisfy the following own-fund requirements:

- a Common Equity Tier 1 capital ratio of 4.5 per cent.;
- a Tier 1 capital ratio of 6 per cent.; and
- a total capital ratio of 8 per cent.

As at 31 December 2020, the minimum capital ratios, taking into account the regulatory requirements and Pillar 2 requirements and capital buffers, were:

	<u>Bank</u>	<u>Group</u>
	(per cent.)	
Tier 1 capital ratio	9.25	9.276
Total capital ratio	11.25	11.284

The Bank uses a standardised approach to calculate the capital requirement for credit risk, market risk and operational risk. Under this approach, the total capital requirement for credit risk is calculated as the sum of risk-weighted exposures multiplied by 8 per cent. The exposure value for these assets is equal to the balance sheet total, while the value of off-balance sheet liabilities corresponds to their balance sheet equivalent. Risk-weighted exposures are calculated by applying risk weights to all exposures in accordance with the CRR Regulation.

The table below presents selected data concerning the capital ratios of the Bank and the Group as at the dates indicated below:

	<u>Bank</u>		<u>Group</u>			
	(per cent.)					
	<u>31 December</u>		<u>31 December</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>		
Tier 1 capital ratio	21.50*	20.94**	17.38	18.38*	18.01**	15.21
Total capital ratio	23.90*	23.34**	19.58	20.42*	20.04**	17.07

\*including adjustment resulting from the allocation of profit for the financial year ended 31 December 2020 to own funds, approved by the Bank's general meeting on 22 March 2021.

\*\*as disclosed in the 2020 Consolidated Financial Statements

The table below presents selected data concerning the capital ratios of SCB as at the dates indicated below:

	<u>31 December</u>	
	<u>2020</u>	<u>2019</u>
	(per cent.)	
Tier 1 capital ratio	22.89	17.64
Capital ratio	24.36	19.03

On 18 December 2019 the BGF informed the Bank of the joint decision of the relevant resolution authorities, i.e. the BGF, the Single Resolution Board and the Bank of England, setting out the minimum requirement for own funds and eligible liabilities at 15.87 per cent. of the Group's total liabilities and own funds, which corresponds to 22.146 per cent. of the Group's total risk exposure. The Group should meet this requirement by 1 January 2024.

## Borrowings

As at 31 December 2020, the Group had outstanding liabilities, under loans granted to the Group and debt securities issued by the members of the Group, of PLN 12.15 billion. The table below gives primary information on the outstanding debt securities issued by the Group:

Issuer	Status	Currency	Principal amount	Issue Date	Maturity Date	Listing
Bank	Subordinated	EUR	100,000,000	29 July 2010	5 August 2025	none
Bank	Subordinated	EUR	120,000,000	28 November 2016	3 December 2026	none
Bank	Subordinated	EUR	137,100,000	10 May 2010	22 May 2027	none
Bank	Subordinated	PLN	1,000,000,000	21 March 2018	5 April 2028	none
Bank	Senior	EUR	500,000,000	20 September 2018	20 September 2021	Dublin, Warsaw
Bank	Senior	EUR	100,000,000	18 December 2020	18 December 2023	Dublin
Santander Factoring	Senior	PLN	670,000,000	19 November 2020	19 May 2021	none
Santander Leasing Poland	Senior	PLN	1,202,500,000			none
Securitisation 01 DAC				1 May 2019	20 February 2035	
Santander Leasing Poland	Senior	PLN	450,000,000	22 September 2020	22 June 2021	none
Santander Leasing Poland	Senior	PLN	715,000,000	8 December 2020	8 December 2021	none
SC Poland Consumer 16-1 sp. z o.o.	Senior	PLN	1,200,000,000	25 July 2019	16 July 2030	none
SC Poland Consumer 16-1 sp. z o.o.	Senior	PLN	800,000	25 July 2019	16 July 2030	none
SC Poland Consumer 16-1 sp. z o.o.	Senior	PLN	740,000	20 July 2020	31 July 2028	none
Santander Leasing Poland	Senior	EUR	330,000,000			none
Securitisation 01 DAC				25 March 2020	20 March 2036	
SCB	Senior	PLN	300,000,000	4 August 2017	9 August 2021	none
SCB	Senior	PLN	261,400,000	6 October 2017	7 October 2022	none
SCB	Senior	PLN	60,000,000	7 December 2017	7 October 2022	none
SCB	Senior	PLN	60,000,000	29 March 2018	29 March 2022	none
SCB	Senior	PLN	156,000,000	15 May 2018	14 May 2021	none
SCB	Senior	PLN	90,000,000	18 May 2018	18 May 2021	none
SCB	Senior	PLN	45,000,000	18 May 2018	18 May 2021	none

## Related Party Transactions

The Group entered into a number of related party transactions, including transactions between members of the Group and transactions with members of the Santander Group. The tables below show the related party transactions entered into by the Group as at 31 December 2020 and 31 December 2019:

Transactions with associates	As at or for the year ended	As at or for the year ended
	31 December 2020	31 December 2019
	(PLN thousand)	
<b>Assets</b>	<b>77</b>	<b>69</b>

Other assets	77	69
<b>Liabilities</b>	<b>88,102</b>	<b>96,286</b>
Deposits from customers	<b>87,998</b>	<b>96,157</b>
Other liabilities	104	129
<b>Income</b>	<b>45,673</b>	<b>44,103</b>
Fee and commission income	45,673	44,103
<b>Expenses</b>	<b>1,663</b>	<b>3,724</b>
Interest expense	545	1,584
Fee and commission expense	1,118	1,564
Operating expenses	-	576

Transactions with Santander Group

	<u>with the parent company</u>		<u>with other entities</u>	
	(PLN thousand)			
	<u>As at or for the year ended 31 December</u>		<u>As at or for the year ended 31 December</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>	<b>1,874,598</b>	<b>1,409,334</b>	<b>9,068</b>	<b>23,855</b>
Loans and advances to banks	766,201	740,278	8,184	16,794
Financial assets held for trading	1,107,257	668,115	4	2
Other assets	1,140	941	880	7,059
<b>Liabilities</b>	<b>3,542,443</b>	<b>2,126,708</b>	<b>555,327</b>	<b>136,108</b>
Deposits from banks	1,521,825	1,474,523	448,183	26,532
Financial liabilities held for trading	1,556,881	628,143	-	-
Deposits from customers	-	-	84,596	69,511
Lease liabilities	-	-	25	1,027
Debt securities in issue	461,509	-	-	-
Other liabilities	2,228	24,042	22,523	39,038
<b>Income</b>	<b>2,560</b>	<b>339,351</b>	<b>7,155</b>	<b>8,487</b>
Interest income	46	6,608	4	67
Fee and commission income	1,483	2,304	213	423
Other operating income	1,031	990	6,938	7,091
Net trading income and revaluation	-	329,449	-	906
<b>Expenses</b>	<b>278,522</b>	<b>57,990</b>	<b>73,585</b>	<b>91,178</b>
Interest expense	26,375	12,579	83	690
Fee and commission expense	7,042	9,968	138	131
Operating expenses	35,422	35,443	72,817	90,357
<b>Contingent liabilities</b>	<b>5,120,775</b>	<b>5,330,665</b>	<b>64,329</b>	<b>4,360</b>
Sanctioned	-	-	32,505	3,063
<b>Derivatives' nominal values</b>	<b>128,147,610</b>	<b>119,147,051</b>	<b>5,000</b>	<b>12,035</b>
Cross-currency interest rate swap – purchased	4,721,675	4,925,732	-	-
Cross-currency interest rate swap – sold	4,987,120	4,808,659	-	-
Single-currency interest rate swap	54,371,535	49,842,362	-	-
Forward rate agreement	3,100,000	7,750,000	-	-
Options interest rate	7,757,651	8,048,758	-	-
FX swap – purchased amounts	18,356,797	13,407,740	-	-
FX swap – sold amounts	18,503,137	13,372,060	-	-
FX options – purchased CALL	3,928,551	3,747,781	-	-
FX options – purchased PUT	3,983,999	3,711,690	-	-
FX options – sold CALL	3,866,848	4,014,426	-	-
FX options – sold PUT	3,846,814	4,251,352	-	-



Spot – purchased	223,412	359,458	-	-
Spot – sold	222,556	359,447	-	-
Forward – purchased	118,843	234,303	-	12,035
Forward – sold	119,906	235,000	5,000	-
Window forward – purchased amounts	19,281	-	-	-
Window forward – sold amounts	19,485	-	-	-
Capital derivatives contract – purchased	-	78,283	-	-

## **Risk management**

The following is a summary only of the Group's risk management system. For a more detailed discussion of the Group's risk management system, see Note 4 in the 2020 Consolidated Financial Statement.

### *Overview*

The Group's risk management system is a crucial component of the overall management of its activities and is designed to: (i) identify and assess the various risks associated with the activities of each of the Group's individual business lines and the Group as a whole; (ii) control and mitigate such risks; (iii) ensure that the Group's activities comply with regulatory requirements; and (iv) optimise the use of the Group's economic and regulatory capital.

The underlying principle of risk management is to optimise the allocation of the Group's available resources, being the available funding base, its own capital, and its ability to generate current profits to fund the achievement of its business goals, while ensuring liquidity and adequate capitalisation. Risk management addresses all the risk types relevant to the Group. In co-operation with the Group's subsidiaries, the Bank identifies and assesses all the risk types relevant from the point of view of the scale and scope of the Group's operations. Those measures result in an estimate of the capital necessary to cover the risk.

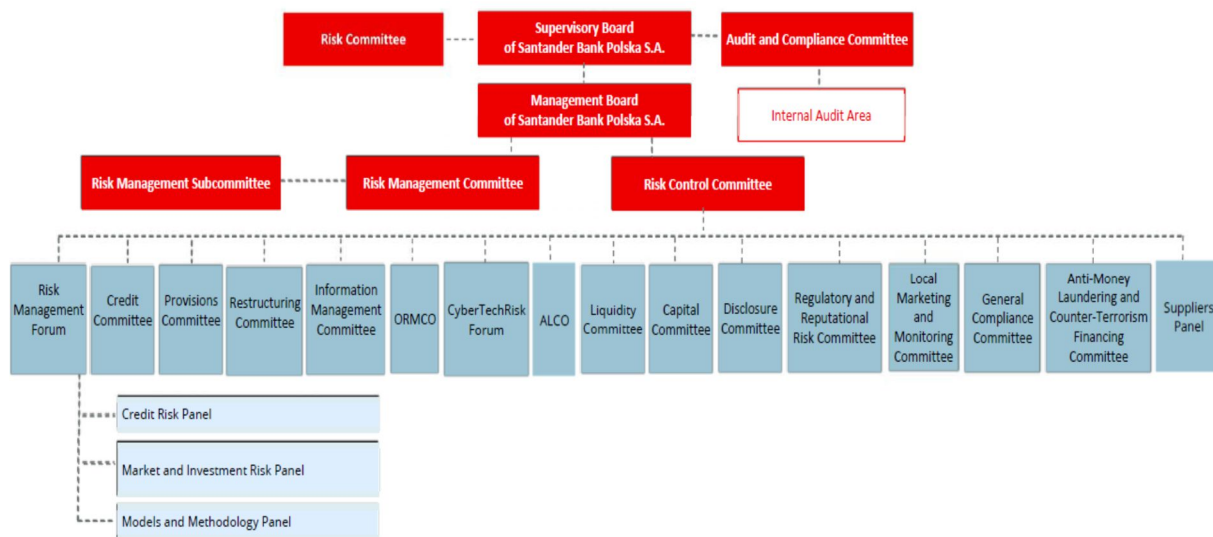
The risk management process takes place at every level of the Bank's operations: from individual business units, through specialised units responsible for the identification, measurement, monitoring, control and mitigation of risk, to the major decision-making bodies: the Management Board and the Supervisory Board.

Individual risks are monitored and controlled by the relevant organisational units in the Bank and those of its subsidiaries. Internal policies and procedures have been implemented regarding the management, mitigation and reporting of these risks. In selected risk management areas, contingency plans and procedures have been implemented to address any particular risks and are intended to be applied if a particular risk increases significantly. In the process of risk identification, assessment and mitigation, the Group applies modern methodologies. These methods, as well as the IT systems used in the risk management process, are constantly reviewed and updated as necessary.

Risk appetite is defined within the Group as the maximum risk, in terms of both amount and structure, which the Bank is willing and able to incur in pursuing its business objectives under the going-concern scenario (beyond inherent, existential risks). Risk appetite resulting from the available capital and funding base is the starting point in the Bank's risk management, and thus impacts the budgeting process and the capital allocation process.

### *Internal Organisation*

The chart below sets out the organisational structure of the Group's risk management system for all members of the Group except for SCB and its subsidiaries:



The Supervisory Board, through its Audit and Compliance Committee and Risk Committee, exercises constant supervision over the Bank's operations in the risk-taking area, which includes approving the risk management strategies and supervising their execution. It also reviews the key risk areas and the processes of identifying threats, defining remedial actions and monitoring their efficiency.

The Management Board is responsible for the effectiveness of risk management. It is responsible for developing an organisational structure aligned with the level and profile of risk being taken and ensuring that the risk measurement and control function is separated from the operational activity. It is also responsible for implementing and updating the written risk management strategies. The Management Board fulfils its risk management role through the following committees:

- Risk Management Committee: an executive committee responsible for giving the key credit approvals and approving the annual limits for securities transactions, limits for the Assets and Liabilities Committee and plans for risk assessment models; and
- Risk Control Committee: a committee which is responsible for monitoring the risk level across different areas of the Bank's operations and supervising the activities of the lower level risk management committees.

The following committees are responsible for developing the risk management methodology and for monitoring risks in particular areas of the Group's operations:

- Risk Management Forum, which approves and supervises the risk management policies and risk measurement methodologies as well as monitors credit risk, model risk, market risk on the banking book, market risk on the trading book and structural risk for the balance sheet, and liquidity risk. The Risk Management Forum performs its role through three panels: the Credit Risk Panel, the Market and Investment Risk Panel and the Models and Methodology Panel;
- Credit Committee, which makes credit approval decisions in accordance with the applicable discretion levels;
- Provisions Committee, which decides on the amount of expected credit losses and legal provisions. The Provisions Committee approves the methodology and parameters for calculating the impairments on portfolios at Group level;

- Information Management Committee, which is responsible for the quality and organisation of data relating to the Bank's operations;
- Operational Risk Management Committee, which sets the strategic goals for the Group's operational risk management, including business continuity, information security and the prevention of fraud;
- CyberTechRisk Forum, which is responsible for evaluating and proposing changes to the IT, cybersecurity and operations strategy as well as for the monitoring of key issues relating to IT, cybersecurity and operations. It also serves as a forum for discussions on operational risk, with a particular focus on technological risk, including cyber risk;
- Suppliers' Panel, which establishes standards for suppliers and monitors the providers of external services;
- Assets and Liabilities Management Committee, which supervises the banking book and is responsible for funding and balance sheet management, including pricing policy;
- Liquidity Forum, which monitors the Bank's liquidity positions, in particular the dynamics of deposit and credit volumes, the Bank's financing needs and general market conditions;
- Capital Committee, which is responsible for managing the Bank's capital;
- Disclosure Committee, which verifies the Group's financial information regarding compliance with legal and regulatory requirements;
- Local Marketing and Monitoring Committee, which is responsible for approving new products and services to be offered by the Group;
- General Compliance Committee, which sets standards for the management of compliance risk and the codes of conduct applied by the Group;
- Regulatory and Reputational Risk Committee, which is responsible for monitoring the Group's compliance with applicable laws, regulatory guidelines and industry standards;
- Anti-Money Laundering and Counter-Terrorism Financing Committee, which approves the Group's policy on preventing money laundering and the financing of terrorism, and monitors the Group's compliance in this area; and
- Recovery Committee, which manages relationships with borrowers in distress and the disposal of loan receivables.

### **Loan application process**

The loan application process implemented by the Bank is a key element in managing the credit risk to which the Bank is exposed in connection with its lending activities. The loan application process is based on the credit policy adopted by the Group and its purpose is to ensure that the risk associated with granting new loans is within the limits acceptable to the Group.

The Bank has adopted credit limit guidelines to define the responsibilities of the Bank's organisational units and individual employees in the credit approval process.

The exact credit approval process which will be applied to a given client depends on the segment to which the client was assigned. The decision to grant a loan is taken by a credit officer. Each credit

officer has its own personal limit within which it can grant a loan without referring the matter to other committees of the Bank. This personal limit is determined on the basis of the knowledge and experience of the individual officer and the segment of the Bank's operations for which the officer is responsible.

Loans under which the Bank's exposure would exceed PLN 25 million are referred to the Bank's credit committee. The credit committee is composed of holders of senior positions at the Bank. Additionally, transactions under which the Bank's exposure would exceed higher thresholds (from PLN 48.75 million to PLN 195 million, depending on the type of transaction) must be approved by the Management Board's Risk Management Committee.

### Loan collateral

The Bank has set up a separate unit, the Collateral and Credit Agreements Department, which is responsible for monitoring whether the security interests established in the Bank's favour effectively secure the Bank's interests and are in line with the lending policies of the various business segments. The scope and value of the required collateral depend on the type of client and the type of loan.

The table below shows what types of collateral are accepted by the Bank as security interests for various types of loan:

Type of financing	Type of collateral
<b>Retail customers</b>	
Cash loan	promissory note, guarantee, credit insurance
Loan backed by liquid assets	security deposit, cash blocked on a bank account, investment fund certificates
Student loan	surety
Housing loan	mortgage, credit insurance, security assignment of claims under insurance policies
Leasing	promissory note, guarantee, power of attorney to a bank account, pledge over moveable assets, transfer of ownership, mortgage, buy-back guarantee from the supplier of the leased assets
<b>Business customers</b>	
Commercial loan	security deposit, registered pledge, promissory note
Revolving loan	security assignment, promissory note, guarantee, registered pledge
Construction loan	mortgage
Investment loan	mortgage, surety, guarantee
Leasing	promissory note, guarantee, power of attorney to a bank account, pledge over moveable assets, transfer of ownership, mortgage, buy-back guarantee from the supplier of the leased assets

### Non-performing loans

The table below shows the quality of the Bank's credit portfolio as at 31 December 2020 and 31 December 2019. The Bank actively manages its non-performing loans portfolio by, for example, selling the loan portfolios to external non-performing loan managers.

Loans and advances to customers measured at amortised cost	31 December 2020	31 December 2019
	<i>(in PLN million)</i>	
<b>Stage 1</b>		
Gross receivables	128,731.4	132,377.0
Allowance for expected credit losses	(586.9)	(571.4)
<b>Stage 2</b>		
Gross receivables	8,657.7	6,546.1

Allowance for expected credit losses	(801.3)	(582.5)
<b>Stage 3</b>		
Gross receivables	7,710.7	6,834.4
Allowance for credit-impaired receivables	(4,666.1)	(3,886.2)
<b>POCI</b>		
Gross receivables	725.7	769.2
Impairment allowance	(221.5)	(204.2)
<b>Total gross receivables</b>	<b>145,825.5</b>	<b>146,526.7</b>
<b>Total impairment allowance for expected credit losses</b>	<b>(6,275.8)</b>	<b>(5,244.4)</b>
<b>Net loans and advances to customers measured at amortised cost</b>	<b>139,549.7</b>	<b>141,282.4</b>
<b>Non-performing (credit-impaired) loan ratio</b>	<b>5.8%</b>	<b>5.2%</b>
<b>Non-performing loan coverage ratio</b>	<b>57.9%</b>	<b>53.8%</b>

## Shareholders

### Overview

As at the date of this Base Prospectus, the Bank's share capital is divided into 102,189,314 ordinary bearer shares with a nominal value of PLN 10 each. Each share gives its holder the right to one vote at the Bank's General Meeting.

The Bank is a public company and its shares are listed on the regulated market of the WSE. Therefore, the Bank does not have detailed information on all of its shareholders. The Bank only receives information on its significant shareholders if these shareholders comply with the notification requirements prescribed by Polish law.

On the date of this Base Prospectus, Santander held 68,880,774 shares in the Bank, which constitutes 67.47 per cent. of the Bank's share capital and confers the right to 67.47 per cent. votes at the Bank's General Meeting.

The table below sets out information on the shareholding structure of the Bank as at the date of this Base Prospectus, based on the most recent notifications made to the Bank.

	<u>Number of shares</u>	<u>per cent. of voting rights at the General Meeting</u>
Santander	68,880,774	67.41
Nationale-Nederlanden Otwarty Fundusz		
Emerytalny and Nationale-Nederlanden	5,123,581	5.01
Dobrowolny Fundusz Emerytalny		
Other shareholders	28,184,959	27.58
<b>Total</b>	<b>102,189,314</b>	<b>100</b>

### ***Santander's control over the Bank***

#### *Nature of control*

As a holder of the majority of voting rights at the Bank's General Meeting, Santander can exercise a decisive influence on the resolutions adopted by this body, and in particular on the resolutions on key issues relating to the Bank's organisation and operations, including: (a) appropriation of the profits/offsetting of losses incurred by the Bank; (b) approval of the due performance of their duties by the Bank's bodies; (c) appointment and dismissal of members of the Supervisory Board; (d) amendments to the Bank's statutes; (e) increases and decreases in the share capital of the Bank; (f) the redemption of shares; (g) the utilisation of supplementary capital and other reserves by the Bank; (h)

the issue of convertible bonds or bonds with a pre-emptive right; (i) the determination of remuneration rules for Supervisory Board members; and (j) the Bank's liquidation, merger, demerger or transformation. Since Management Board members are appointed and dismissed by the Supervisory Board, Santander, by having a decisive influence on the composition of the Supervisory Board, can also directly influence the composition of the Management Board. As at the date of this Base Prospectus, no entity other than Santander has control over the Bank.

In the opinion of the Bank, neither the Statute nor the by-laws of the General Meeting, the Supervisory Board or the Management Board contain any provisions which might delay, forestall or prevent a change of control over the Bank.

#### *Mechanisms preventing an abuse of control*

There are a number of legal instruments aimed at preventing an abuse of control over the Bank by its major shareholder specified in the Commercial Companies Code and the Act on Public Offerings dated 29 July 2005.

#### **Dividend**

On 22 June 2020 the Bank's General Meeting adopted a resolution concerning the distribution of the Bank's net profit for the period from 1 January 2019 to 31 December 2019 by allocating 50 per cent. of this profit to reserve capital and 50 per cent. to dividend capital. On 22 March 2021 the Bank's General Meeting adopted a resolution concerning the distribution of the Bank's net profit for the period from 1 January 2020 to 31 December 2020 by allocating 50 per cent. of this profit to reserve capital and 50 per cent. to dividend capital.

#### **IT and operations**

The Group has several IT systems, including systems supporting remote banking channels, product management, accounting, IT and HR support. The IT infrastructure meets market standards and is protected with a regularly tested business continuity solution (including a remote facility), data backup procedures, off-site data storage and sophisticated cyber-crime prevention software. Additionally, the Issuer is constantly monitoring the compliance of its IT systems with the relevant recommendations of the KNF.

#### **Litigation**

##### *General*

As at 31 December 2020, the value of all court cases in which the Group was involved was PLN 2,317,882 thousand. This includes PLN 1,004,690 thousand claimed by the Group, PLN 1,261,620 thousand in claims against the Group and PLN 51,572 thousand of the Group's receivables due to bankruptcy or arrangement proceedings. As at 31 December 2020, the value of provisions for legal claims was PLN 408,485 thousand. In 229 cases against the Bank where the claim value was high, i.e. at least PLN 500 thousand, provisions of PLN 70,373 thousand were raised. The table below shows the value of all court cases in which the Bank is involved. No individual case's value exceeds 10 per cent. of the Group's equity.

	<u>31 December 2020</u>	<u>31 December 2019</u>
	<i>(in PLN thousand)</i>	
Amounts claimed by the Group	1,004,690	925,730.0
Claims against the Group	1,261,620	604,262
Receivables due to bankruptcy or arrangement proceedings	51,572	49,371

Value of all litigation	2,317,882	1,579,363
Share (in per cent.) of all litigation in the Group's equity	8.09	5.85
Completed significant court proceedings	735,191	630,285

### *Disputes relating to CHF Mortgage Loans*

As at 31 December 2020, the Group had retail exposures of PLN 9,853,480.0 thousand in respect of mortgage loans denominated in, or indexed to, CHF. As at 31 December 2020, there were 4,189 lawsuits pending against the Group over loans indexed to, or denominated in, a foreign currency (mainly CHF), with the disputed amount totalling PLN 847,030.0 thousand. This included two class actions: (i) a class action against the Bank in respect of 548 CHF-indexed loans, with the disputed amount of PLN 50,283.0 thousand and (ii) a class action against SCB in respect of 31 CHF-indexed loans, with the disputed amount of PLN 38.0 thousand.

As at 31 December 2020, the Group raised provisions for legal claims relating to the above lawsuits in the amount of PLN 324,920.0 thousand. Moreover, as at 31 December 2020, the Group had collective provisions for legal risk of PLN 278,247.0 thousand due to the higher number of cases relating to contractual clauses in agreements on loans indexed to and denominated in foreign currencies. The Bank and SCB raised provisions of PLN 191,900.0 thousand and PLN 86,347.0 thousand, respectively.

## **Management and Employees**

### *Management and Supervisory Bodies*

In accordance with the Commercial Companies Code and the Banking Law, the Bank is managed by its Management Board and overseen by its Supervisory Board. The information provided below relating to the organisation, competencies and activities of the Management Board and the Supervisory Board has been prepared based on the provisions of the Commercial Companies Code, the Banking Law and the Bank's statutes.

### *Management Board*

The Management Board is the Bank's governing body.

The Management Board comprises at least three members appointed by the Supervisory Board for a joint term of office of three years. The Management Board is headed by the President.

At least half of the Management Board members, including the President, must hold a degree, have their permanent residence in Poland and have a proven command of the Polish language. Additionally, at least half of the Management Board members, including the President, must demonstrate experience in the Polish market which may be applied to managing a bank and have in-depth knowledge of the Polish banking sector. Two Management Board members, including the President, are appointed with the consent of the KNF.

The President has the casting vote at Management Board meetings at which there is an even number of votes cast in favour and against a Management Board resolution.

The Management Board is responsible for:

- adopting long-term plans and the strategic objectives of the Bank;
- preparing assumptions for the Bank's business and financial plans;

- adopting decisions on disposal of the Bank's assets; and
- executing all powers concerning the Bank's operations which are not vested in other corporate bodies.

The members of the Management Board are set out below:

<b>Name</b>	<b>Position</b>
Michał Gajewski	President of Management Board
Andrzej Burliga	Vice-president of the Management Board
Juan de Porras Aguirre	Vice-president of the Management Board
Arkadiusz Przybył	Vice-president of the Management Board
Lech Gałkowski	Member of the Management Board
Carlos Polaino-Izquierdo	Member of the Management Board
Maciej Reluga	Member of the Management Board
Dorota Strojowska	Member of the Management Board
Patryk Nowakowski	Member of the Management Board

### ***Michał Gajewski***

Michał Gajewski is a legal adviser, holder of a law degree from Adam Mickiewicz University in Poznań. He also studied at the Northwestern University in Chicago and the London Business School. He started his career in banking in 1992. Initially, in the years 1992-2008, he worked with WBK Group and with the Group, starting from a branch role, progressing to various middle and senior management capacities and culminating in his appointment to the Management Board as the member responsible for Retail Banking.

In the years 2008-2011, he acted as Vice-President of the Management Board of BGŻ Bank, where he was in charge of Retail Business and SME Banking and the Corporate Customers Division.

In 2012, he joined Bank Millennium. Initially, in the years 2012-2015, he served as Macroregional Director in the Retail Banking Division, and then in 2015 he was appointed as a Management Board member responsible for Retail Business. In 2016 he was appointed the President of the Management Board of the Bank.

### ***Andrzej Burliga***

Andrzej Burliga joined the Bank in 1995. He began his career in the Treasury Department where he was later promoted to the position of chief dealer and eventually Head of the Treasury Department. He headed the Risk Management Division between 2001 and 2006. He was appointed Deputy Head of the Risk Management Division and was responsible for the day-to-day management of key risks, including credit and operational risk, in the Group.

Andrzej Burliga graduated from the Faculty of Theoretical Maths at Wrocław University. He completed programmes in the area of risk management as well as management, e.g. the INSEAD International Executives Development Programme and the BZWBK Development Programme for Executives, LMC Consulting – Lilley Moncrieff Taylor. He is a member of the Professional Risk Managers' International Association.

### ***Juan de Porras Aguirre***

Juan de Porras Aguirre has been working in banking since 1989. In January 2007, he joined Banco Santander as Managing Director of Global Corporate Banking. Since November 2010, Juan de Porras Aguirre has been managing the Division of Global Corporate Banking Poland at the Bank. Juan de Porras Aguirre graduated from Universidad de Granada with a master's degree in law and received a



diploma in Business Administration from Escuela Superior de Administración y Dirección de Empresas in Barcelona. He has also completed the Investment Banking Executive Program at the Kellogg School of Management at Northwestern University in Chicago.

### ***Arkadiusz Przybył***

Arkadiusz Przybył has many years of experience in banking. In 2012, he was appointed CEO of Santander Consumer Bank in Wrocław. Between 2011 and 2012, he worked as Business Director in the Headquarters of Santander Consumer Finance in Madrid, where he was responsible for strategy and business development, market integration and company acquisition projects as well as for supporting and supervising the operations of Santander Consumer Finance in Poland.

In 2009-2010, he held the position of Executive Director at GE Money Bank (Latvia) and GE Money (Latvia), and between 2005 and 2008 he worked as Head of Retail Banking at GE Money for Central and Eastern Europe, Zurich/Paris Headquarters. In the years 1997-2005, he held the position of Engagement Manager at McKinsey & Company, Warsaw.

### ***Lech Galkowski***

Lech Galkowski graduated from the Warsaw School of Economics with a degree in Banking and Finance. He was also awarded a scholarship from the Staffordshire University Business School. He joined the Bank in 2012 and from 2012 to 2018 he was the Head of the Corporate and Investment Banking Department and from 2018 to 2021 he was the Head of the Investment Banking Department. He joined the Management Board of the Bank in 2021 and is responsible for the Business and Corporate Banking Division.

From 2008 to 2012, he was a member of the management board member at RBS Bank (Polska) S.A. (formerly ABN AMRO Bank (Polska) S.A.) in charge of Corporate and Investment Banking. From 2003 to 2007, he was the Chief Financial Officer at Volvo Auto Polska sp. z o.o. From 1998 to 2003, he worked for ABN AMRO Bank (Polska) S.A. as a Senior Relationship Banker, Head of Automotive, Consumer & Healthcare Industries. From 1996 to 1998, he worked for Coopers & Lybrand sp. z o.o. as a Senior Auditor responsible for the banking sector.

### ***Carlos Polaino-Izquierdo***

Carlos Polaino-Izquierdo commenced his career in Banco Santander Spain in 1998, and has been with the Santander Group ever since. After holding management positions in Santander Spain Internal Audit and gaining wide international experience, in 2006 he was appointed as Deputy Head of Internal Audit at Santander Brazil where, apart from being responsible for ensuring an adequate control environment and the correct management of risks, he played an active role in the merger of various Santander banks in this country.

In May 2011, he was appointed Head of Internal Audit at BZ WBK Group and became a member of the Management Board of the Bank in 2015. Carlos Polaino-Izquierdo graduated from Universidad Autónoma de Madrid, in the Faculty of Business Administration.

### ***Maciej Reluga***

Maciej Reluga graduated with a degree in Quantitative Methods of Economics from the Faculty of Economic Sciences at Warsaw University. He also completed a finance management programme at the University of Namur (Belgium). For many years he has dealt with analysing and forecasting economic indicators and developments. Since 2002, he has been the Bank's Chief Economist. He has completed many courses and training sessions in financial instruments, forecast and management

methods. In 2010, he completed the Senior Management Programme in Banking at the Swiss Finance Institute and in 2012 he attended the Strategic Leadership Academy at the ICAN Institute.

### ***Dorota Strojowska***

Dorota Strojowska has over 20 years of experience in banking, both in business and HR.

She has been with the Bank since 2005. In 2012, she was nominated for the position of Retail Banking Business Model Coherency Director, and then in 2013 she was made Head of the Compensation Department. In 2014, she was appointed Head of the Organisational Effectiveness Area. Between April 2016 and March 2017, Dorota headed the HR Division at PKO Bank Polski. Apart from strategic planning, she has a broad range of skills in HR model management development and organisational culture transformation.

Dorota Strojowska graduated from Adam Mickiewicz University in Poznań with degrees in Classical and Polish Studies. She completed postgraduate studies at the Poznań University of Economics and Business, as well as Kozmiński University. Moreover, she has completed a number of professional training courses in HR management, coaching, strategic planning, financial management and business psychology, including the "Development of Managerial Skills" at Nottingham Trent University and the "Advance Leadership Programme" at the ICAN Institute, Harvard Business Review.

### ***Patryk Nowakowski***

Patryk Nowakowski joined the Bank in 2002 as an IT development specialist. Between 2004 and 2007, he worked in Switzerland for Business & Decisions AG, UBS AG and Oracle. He returned to the Bank in 2008 and led the Management Information Team, the Information Management Competence Centre, the Systems Development Area, the CRM Area and the Business Development Area. Between 2016 and 2019 he was the Chief Information Officer and in the years 2017-2018 oversaw the acquisition of part of the enterprise of Deutsche Bank Polska S.A. He is a member of the Bank's Management Board and has been the head of the Digital Transformation unit since June 2019.

The business address of all Management Board members is al. Jana Pawła II 17, 00-854 Warsaw, Poland. No Management Board member has any actual or potential conflict of interest between his/her duties to the Bank and his/her private interests and other duties.

### ***Supervisory Board***

The Supervisory Board exercises regular supervision over the Group's operations.

The Supervisory Board consists of at least five members elected by the General Meeting for a joint term of office of three years. The General Meeting also appoints the Chairman of the Supervisory Board. The Management Board must notify the KNF of the composition of the Supervisory Board.

At least half of the members of the Supervisory Board must be independent members. At least half of the members of the Supervisory Board, including all independent members, must demonstrate experience in the Polish market which may be applied to supervising the Bank's operations, have permanent residence in Poland, and have a proven command of the Polish language.

The responsibilities of the Supervisory Board include:

- reviewing the Group's annual financial statements;
- approving the long-term development plans prepared by the Management Board;

- appointing, suspending and dismissing members of the Management Board;
- delegating members of the Supervisory Board for temporary positions on the Management Board; and
- concluding, amending and terminating agreements with members of the Management Board.

The Supervisory Board holds its meetings at least three times a year. For resolutions passed at Supervisory Board meetings to be valid, at least half of the members must be present at the meeting and all members must be invited. In certain cases, a resolution may be adopted in writing or a member of the Supervisory Board may vote via another member. Passing a Supervisory Board resolution requires a majority of votes and, if there is an even number of votes, the Chairman has the casting vote.

The Supervisory Board may appoint committees. The members of the committees carry out particular supervisory activities. The exact scope of responsibilities of a committee is set out in the resolution of the Supervisory Board appointing the committee.

The table below sets out information on the members of the Supervisory Board.

<b>Name</b>	<b>Position</b>
Antonio Escámez Torres	Chairman of the Supervisory Board
José Luis de Mora	Deputy Chairman of the Supervisory Board
Dominika Bettman	Member of the Supervisory Board
José Garcia Cantera	Member of the Supervisory Board
Danuta Dąbrowska	Member of the Supervisory Board
Isabel Guerreiro	Member of the Supervisory Board
David R. Hexter	Member of the Supervisory Board
John Power	Member of the Supervisory Board
Jerzy Surma	Member of the Supervisory Board
Marynika Woroszyńska-Sapiecha	Member of the Supervisory Board

### ***Antonio Escámez Torres***

Antonio Escámez Torres hold a law degree from the University Complutense in Madrid. He has worked in the financial services sector from 1973 and has held a variety of executive and non-executive director-level roles across a number of jurisdictions, including in Latin America, Europe and the United States of America. From 1973 to 1999 he worked for Banco Central and started working for the Santander Group in 1999.

### ***José Luis De Mora***

José Luis De Mora is a Chartered Financial Analyst (CFA) and a Graduate of the ICADE University. He holds an MBA from Boston College. From 1994 to 1998, José Luis De Mora was employed at Dresdner Kleinwort Benson (London) as Spain Analyst in charge of Spanish equity products and banks. From 1998 to 2003, he was employed with Merrill Lynch in London as their Pan-European Banks Analyst in charge of Pan-European banking strategy in France, Portugal, Italy and Spain. Since 2003, José Luis de Mora has held the role of Corporate Development and Strategy Director with Banco Santander. He is also a Member of the European Commission's Group of Experts on the Banking Industry. He is a supervisory board member of Sovereign Bank and Santander Consumer USA.

### ***Dominika Bettman***

Dominika Bettman is a graduate of the Warsaw School of Economics and Advanced Management Programme IESE in Barcelona. She has worked for 25 years for Siemens in Poland and is currently the President of the Management Board of Siemens sp. z o.o. She is a member of the Responsible Business Forum, Polish Confederation Lewiatan, the council of Open Eyes Economy Summit and the president of the National Chamber of Commerce for Electronics and Communications. She is also a member of the Access Board at the Ministry of Investment and Economic Development and of the Council of the Warsaw University of Technology.

### ***José Garcia Cantera***

José Garcia Cantera holds an MBA from IE Business School. He has been the Chief Financial Officer and Head of the Finance Division at Santander since 2015. Before that he held various management positions in Santander group and other financial institutions.

### ***Danuta Dąbrowska***

Danuta Dąbrowska graduated from the University of Horticulture and Food Industry in Budapest. She is a fellow member of the Association of Chartered Certified Accountants. She has held a number of senior positions in finance, operations, liquidity and risk management, project finance, M&A transactions and other services (accounting and payroll outsourcing). Currently, she is a member of the supervisory board of Herkules S.A.

### ***Isabel Guerreiro***

Isabel Guerreiro is a graduate of Instituto Superior Técnico and holds an MBA from INSEAD. She has worked for Banco Santander Totta SA in Portugal since 2005 and held managerial positions in the retail banking segment. Since 2014 she has been responsible for the digital transformation of Banco Santander Totta SA and in January 2019 became its board member responsible for digital affairs. She has been a member of the Bank's Supervisory Board since September 2019.

### ***David R. Hexter***

David R. Hexter holds an MA in Philosophy, Politics and Economics awarded by Oxford University, an MBA awarded by the Cranfield School of Management, and an MPhil awarded by Birkbeck, University of London. He began his professional career at Citibank in London and then joined EBRD in 1992. Since retiring from EBRD in 2004, David R. Hexter has been a supervisory board member of a number of companies, banks and private equity funds operating in Russia, Kazakhstan, Denmark and Vietnam, including a major logistics company listed on the London Stock Exchange, where he is currently also Chairman of its Audit Committee.

### ***John Power***

John Power is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a Fellow of the Institute of Chartered Secretaries and Administrators (FCIS) and the Institute of Bankers in Ireland. He has been on BZ WBK's Supervisory Board since 2002. Currently, he is the Chairman of Lelewela Enterprises Limited, which operates the Roche-Bobois franchise network in Ireland.

### ***Jerzy Surma***

Jerzy Surma graduated from the Wrocław University of Technology and holds a Ph.D. in economics from the Wrocław University of Economics. He completed the IFP programme at IESE Business School and an Executive Programme at MIT Sloan School of Management. Since 2008, he has been

a member of the Supervisory Board and Audit Committee of Kęty Group. Currently, he is an Assistant Professor in the Faculty of Business Administration at the Warsaw School of Economics and the Head of Postgraduate Business Intelligence Studies.

***Marynika Woroszyńska-Sapieha***

Marynika Woroszyńska-Sapieha graduated from the Medical University of Warsaw [and] the International Executive Program INSEAD in Fontainebleau. She was one of the leading cardiologists in Poland before moving to the pharmaceutical industry in 1994. Since 1997, she has worked for Sanofi Group and is currently the President of the Management Board of Sanofi-Aventis sp. z o.o. She is the President of the Board of INFARMA - Employers' Union of Innovative Pharmaceutical Companies and a member of the Programme Council of Vital Voices, an international non-governmental organisation supporting the development of the leadership potential of women and the fostering of mentoring.

The business address of all of the Supervisory Board members is al. Jana Pawła II 17, 00-854 Warsaw, Poland. No Supervisory Board member has any actual or potential conflict of interest between his/her duties to the Bank and his/her private interests and other duties.

**Employees**

As at 31 December 2020, the Group had 12,616 employees (full time equivalent) as compared to 13,579 employees (full time equivalent) as 31 December 2019. In addition to salaries, the Group's employees are entitled to a range of benefits, including life, health and medical insurance, and bonuses relating to the achievement of individual objectives.

## MARKET AND LEGAL ENVIRONMENT

### Market

*The information presented in this section has been extracted from publicly available sources and documents. The source of external information is always given if such information is used in this section. While reviewing, searching for and processing macroeconomic, market, industry or other data from external sources such as the KNF or government publications, none of it has been independently verified by the Group or the Arranger or any of their affiliates or the Group's advisers in connection with the Programme.*

*The Bank does not intend to and does not warrant to update the data concerning the market or the industry as presented in this section, subject to the duties resulting from generally binding regulations.*

### The Polish Economy

The Polish economy entered 2020 with still good, but slowing, economic growth. However, as the first diagnosed COVID-19 cases appeared in Poland in mid-March, the economic outlook deteriorated dramatically. The disease proved to be the most important factor affecting economic and financial activity until the end of the year. Restrictions in business activity and social mobility triggered a major decline in GDP growth in the second quarter of 2020 – -8.2 per cent. as compared to the second quarter of 2019 (or -8.9 per cent. quarter on quarter after a seasonal adjustment). This was the most considerable decline in Polish GDP growth since the early '90s. The GDP growth recovered in the third quarter of 2019, but the recovery was uneven. For example, industrial production and retail sales returned to positive growth rates, while in the construction sector, which was initially quite immune to the pandemic, output fell significantly. In the fourth quarter of 2020, GDP growth slowed again as a result of tighter restrictions on business activity. According to the preliminary estimates of Statistics Poland, in 2020 GDP in Poland fell by 2.8 per cent.

In response to the spread of the new disease and the government's decision to impose lockdown, the MPC lowered the reference rate to 0.1 per cent., the lowest level ever in Poland. At the same time, the NBP introduced an asset purchase programme covering treasury bonds and bonds guaranteed by the Polish state.

Lower economic activity reduced the demand for loans in 2020. Even though the demand for mortgage loans recovered relatively quickly, sales of consumer and corporate loans remained subdued. Bank loans were also partially replaced by the government's financial support programme. Due to these factors, at the end of the year, according to NBP, the total volume of loans decreased by 1.0 per cent. as compared to 2019. The deposits growth rate in 2020 was 12.3.

In 2020, yields on short- and long-term bonds issued by the Polish state decreased substantially since the central banks in various countries were lowering interest rates and launched quantitative easing programmes to fight the adverse effects of the pandemic.

### Development of the Polish Banking Sector

Between 1989 and 1991, a two-tiered banking sector was established, separating the central bank from the rest of the banking sector. Nine regional commercial banks were created out of the NBP's commercial and retail banking operations. The NBP branch network and the respective commercial loan portfolios of those branches were divided among the newly-established banks to give each new bank a regional base. All of these regional banks were transformed into joint stock companies in October 1991 and were subsequently privatised between 1993 and 2001. Since 1991, Polish banking

law has allowed the licensing of new private banks in Poland and opened the Polish banking market to foreign investors. As a result, there has been a rapid expansion in the number of banks owing to foreign banking groups entering the market.

According to the KNF, as at 31 December 2020, there were 30 commercial banks in Poland, 32 branches of credit institutions and 538 relatively small co-operative banks.

The level of competition in the Polish banking sector is relatively high due to its low level of concentration. According to KNF data as at 31 December 2020, the share of top five banks in total banking assets stood at 54.6 per cent. (compared with 50.1 per cent. as at the end of December 2019).

Among the other factors having an impact on competition is the consolidation of the Polish banking sector. For example, in 2013, there was the merger of the Bank and Kredyt Bank S.A., the acquisition of Dexia Kommunalkredit Bank Polska S.A. by Getin Noble Bank S.A., and the acquisition of the retail operations of DnB Nord Polska S.A. by Getin Noble Bank S.A.; in 2014, the merger of Nordea Bank Polska S.A. with PKO Bank Polski S.A., the takeover of control of SCB by the Bank; and, in 2015, the merger of Bank BGŻ S.A. with BNP Paribas S.A. and the acquisition of Meritum Bank ICB S.A. by Alior Bank S.A.; in 2016, the merger of Bank BGŻ BNP Paribas S.A. with Sygma Bank Polska S.A. and the merger of Alior Bank S.A. with the core business of BPH. In December 2017, DB AG sold its Polish retail operations (core DB Polska without CHF portfolio and DB Securities) to the Bank. On 10 April 2018, Raiffeisen Bank International AG agreed to sell the core banking operations of Raiffeisen Bank Polska S.A. by way of demerger to Bank BGŻ BNP Paribas S.A. In 2019, Bank Millennium S.A. acquired Euro Bank S.A. In April 2021 Citi announced its intention to sell its retail banking operations in Poland.

The Polish banking sector is expected to continue to experience consolidation in the medium term. A number of smaller market players generate relatively low revenues, which will be subject to rising pressure. This may force further consolidation if profitability is eroded. Given the pressure on the revenue side (low interest rates, regulatory measures) and additional burdens (Polish banking tax, higher capital requirements), some banks will strive to increase their scale of operations to achieve a satisfactory return on equity.

As a result of changes in the shareholding structure of Polish commercial banks, in particular the takeover of Bank Pekao S.A. by PZU S.A. and PFR S.A., in 2017 the share of foreign ownership in banking assets in the country declined markedly. According to the KNF, as at 31 December 2020 44.0 per cent. of the total assets of the Polish banking sector belonged to foreign-owned banking groups, compared with 46.3 per cent at the end of 2019.

Alternative distribution channels, in particular internet banking and mobile banking, have been increasing in importance in Poland. Moreover, new products, such as markets for financial advisory services, wealth management, insurance products and various investment funds in Poland, have seen significant growth and are likely to be a significant driver for profitability in the future.

## **Legal environment**

### *Specific Requirement for the Banks*

Engaging in banking activities involves meeting multiple regulatory obligations, most of which follow directly from the provisions of the Banking Law, and from resolutions, ordinances and recommendations made by the KNF. The most important obligations concern the Bank's own funds, the capital adequacy ratio, the solvency ratio, exposure concentration, risk management systems and financial management conducted by the Bank.

Banks have a duty to protect banking secrecy. Regulations on personal data protection are particularly important for the functioning of banks in order to protect individual customers. Personal data may be processed exclusively in compliance with detailed regulations, using technical and organisational resources which ensure the protection of personal data against unauthorised processing, including the making of it available to third parties.

The Bank must also comply with regulations for preventing the financial system from being used for the purpose of money laundering and terrorist financing.

Certain restrictions also apply if banks retain any third parties for the performance of banking activities for and on behalf of the bank, or for the performance of any banking-related operations.

#### *Banking Supervision Exercised by the KNF*

In Poland, banking supervision is currently exercised by the KNF and covers in particular:

- assessing the financial position of banks, including analysing liquidity, the quality of assets, solvency and the financial results of banks;
- estimating, maintaining and reviewing internal capital;
- auditing the quality of risk management systems, and in particular of the risk management system and internal control system;
- auditing the compliance of banks' activities with the appropriate regulations; and
- monitoring and controlling banks' compliance with exposure concentration limits and standards for risk acceptable in their operations as determined by the KNF.

The KNF has wide powers and legal instruments which enable it to supervise banks (including the ability to carry out inspections).

#### *Other Supervisory Authorities*

Some areas of banking operations are subject to the supervision of other public administration authorities, the most important of which are:

- the OCCP, regarding protecting market competition and consumers' collective rights;
- the Head of the Data Protection Office, regarding collecting, processing, managing and protecting personal data; and
- the minister responsible for financial institutions and the General Inspector for Financial Information regarding the prevention of money laundering and the financing of terrorism.

#### *Bank Guarantee Fund*

The BGF covers the monetary assets deposited in bank accounts or receivables regarding claims confirmed by documents issued by banks with a guarantee system. Participation in the guarantee system is mandatory for all Polish banks and in certain instances for branches of foreign banks operating in Poland. Banks covered by the guarantee system make mandatory annual payments to the BGF and are obliged to set up a guaranteed funds protection fund. The mandatory guarantee system ensures that if a bank becomes insolvent, the funds deposited in bank accounts, up to an amount specified in the regulations, are returned. As at the date of this Base Prospectus, funds up to an



amount equivalent to EUR 100,000 per single person regarding deposits in all accounts in a given bank are fully covered by the guarantee system. Funds deposited, in particular, by government administration authorities, other banks, credit institutions, insurance companies and investment and pension funds are not covered by the guarantee system.

Additionally, the BGF is the Polish resolution authority. Under the BRRD and the Act on the Bank Guarantee Fund, the BGF is authorised to commence resolution proceedings with respect to banks operating in Poland. The BGF has at its disposal a wide range of legal instruments during resolution proceedings, including the power to write down debt instruments issued by a bank or to convert them into shares of the bank.

### *Consumer Protection*

The Consumer Credit Act dated 12 May 2011 (as amended), the Civil Code regulations and other consumer protection laws impose on banks several obligations relating to agreements signed with natural persons who perform actions which are not directly related to their business or professional activities (consumers). The most important of these are the requirements to inform consumers about the cost of extended credit and loans and to include specified terms in consumer loan agreements as well as a prohibition on including specific clauses which are unfavourable to consumers in agreements. If a customer loan agreement does not meet certain requirements of the Consumer Credit Act, the borrower is authorised under the law to repay the loan in the principal amount with interest accrued until the prepayment date. In some circumstances, the borrower may be authorised to repay only the principal amount, without interest, fees or any other amounts due to the bank under the loan agreement.

There is a cap on the maximum interest rates which a bank may charge under a loan agreement. The maximum interest rate is capped at two times the sum of the applicable reference rate of the NBP and 3.5 per cent.

### *Personal Data Protection*

In light of the large number of individuals serviced by banks, all the regulations concerning personal data protection are of particular importance to banking operations. Personal data may be processed exclusively in compliance with specific regulations, while applying technical and organisational means that ensure the protection of personal data, particularly from disclosure to any unauthorised parties. Additionally, the persons to whom such data relates should have the right to access all of their personal data and to correct it.

The GDPR entered into force on 25 May 2018. It imposes new obligations and guidelines on companies in the management and processing of personal data. This means a significant change for companies in their approach to the security of data storage and the issue of making it available to the relevant employees.

The key consequences resulting from the GDPR's implementation are as follows:

- the definition of personal data, including identifying the person to whom the data relates, will be much broader;
- automated processing of personal data will be permitted under certain conditions;
- the legal rights of individuals will be increased considerably;
- personal data processors, controllers and data protection officers will have many new obligations relating to the technical and organisational protection of personal data; and

- administrative fines for non-compliance with the Regulation could reach EUR 20 million or 4 per cent. of an organisation's annual worldwide turnover. Moreover, individuals will have the right to judicial redress and to claim compensation in excess of the statutory fines.

## FORMS OF THE NOTES

### Bearer Notes

Each Tranche of Notes in bearer form (**Bearer Notes**) will initially be in the form of either a temporary global note in bearer form (the **Temporary Global Note**), without interest coupons, or a permanent global note in bearer form (the **Permanent Global Note**), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a **Global Note**) which is not intended to be issued in new global note (**NGN**) form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV as operator of the Euroclear System (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**) and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the **ECB**) announced that Notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the **Eurosystem**), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

Each Final Terms for Notes in NGN form will indicate whether such Notes are intended to be held in a manner which would allow Eurosystem eligibility. The designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. If the designation is specified as "no" at the Issue Date, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. In all cases, such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met. In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the **TEFRA C Rules**) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the **TEFRA D Rules**) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### ***Temporary Global Note exchangeable for Permanent Global Note***

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent

Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Issue and Principal Paying Agent; and
- (ii) receipt by the Issue and Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership *provided, however*, that in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

- (a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form (**Definitive Notes**):

- (a) on the expiry of such period of notice as may be specified in the Final Terms; or
- (b) at any time, if so specified in the Final Terms; or

- (c) if the Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:
  - (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - (ii) any of the circumstances described in Condition 13 (*Events of Default*) occurs (where applicable).

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Issue and Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.

#### ***Temporary Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Issue and Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

***Permanent Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:
  - (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - (ii) any of the circumstances described in Condition 13 (*Events of Default*) occurs (where applicable).

If the Specified Denomination of the Notes stated in the final terms includes language substantially to the following effect: "[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to

*and including [EUR 199,000]*", the Notes cannot be represented on issue by a Permanent Global Note exchangeable for Definitive Notes.

The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and - if at the time of exchange into definitive form more than 27 coupon payments are left - Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Issue and Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date ((b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

### ***Rights under Deed of Covenant***

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of provisions relating to the Notes while in global form*" below.

### ***Legend concerning United States persons***

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

*"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."*

### **Registered Notes**

Each Tranche of Registered Notes will be in the form of either individual Note Certificates in registered form (**Individual Note Certificates**) or a global Note in registered form (a **Global Registered Note**), in each case as specified in the relevant Final Terms.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the **New Safekeeping Structure** or **NSS**) would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the **Eurosystem**), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Global Registered Note will either be: (a) in the case of a Note which is not to be held under the New Safekeeping Structure, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depository and will be exchangeable in accordance with its terms; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, and the relevant Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or



- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Global Registered Note", then if either of the following events occurs:
- (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or
  - (ii) any of the circumstances described in Condition 13 (*Events of Default*) occurs (where applicable).

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Registered Note; or
- (b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then the Global Registered Note (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Note or others may have under the Deed of Covenant.

The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.

### ***Rights under Deed of Covenant***

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of provisions relating to the Notes while in global form*" below.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. In the case of any Tranche of Notes which are being admitted to trading on a regulated market in a Member State, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may supplement, amend or replace any information in this Base Prospectus.*

*The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of provisions relating to the Notes while in global form" above.*

### 1. Introduction

- (a) *Programme:* Santander Bank Polska S.A. (the **Issuer**) has established a Euro Medium Term Note Programme (the **Programme**) for the issuance of up to EUR 5,000,000,000 in aggregate principal amount of notes (the **Notes**).
- (b) *Series:* Notes issued under the Programme are issued in series (each a **Series**) and each Series may comprise one or more tranches (each a **Tranche**) of Notes.
- (c) *Final Terms:* The terms and conditions applicable to any particular Tranche of Notes are these terms and conditions (the **Conditions**), as completed by a document specific to such Tranche called final terms (the **Final Terms**) or as supplemented, amended and/or replaced in a separate prospectus specific to such Tranche (the **Drawdown Prospectus**). In the event of any inconsistency between these Conditions and the relevant Final Terms or Drawdown Prospectus, the relevant Final Terms or Drawdown Prospectus shall prevail. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in these Conditions to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus. If the Notes are to be admitted to trading on the regulated market of Euronext Dublin, the relevant Final Terms will be published on the website of Irish Stock Exchange plc trading as Euronext Dublin (<https://live.euronext.com/>).
- (d) *Agency Agreement:* The Notes are the subject of an issuing and paying agency agreement dated 7 July 2021 (the **Agency Agreement**) between the Issuer, The Bank of New York Mellon, London Branch as issue and principal paying agent (the **Issue and Principal Paying Agent**, which expression includes any successor issue and principal paying agent appointed from time to time in connection with the Notes), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the **Registrar**, which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Issue and Principal Paying Agent, the **Paying Agents**, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the **Agents** are to the Paying Agents and the Transfer Agents and any reference to an **Agent** is to any one of them.
- (e) *Deed of Covenant:* The Notes may be issued in bearer form (**Bearer Notes**), or in registered form (**Registered Notes**). Registered Notes are constituted by a deed of covenant dated 7 July 2021 (the **Deed of Covenant**) entered into by the Issuer.

- (f) *The Notes*: All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing during normal business hours at the specified office of the Issue and Principal Paying Agent.
- (g) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement, the Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the **Couponholders** and the **Coupons**, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are (i) available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below or (ii) may be provided by email to a Noteholder following their prior written request to the Paying Agents and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent).

## 2. Interpretation

- (a) *Definitions*: In these Conditions the following expressions have the following meanings:

**Accrual Yield** has the meaning given in the relevant Final Terms;

**Act on Bank Guarantee Fund** means the Act of 10 June 2016 on the Bank Guarantee Fund, the Deposit Guarantee Scheme and the Compulsory Restructuring (as amended);

**Additional Business Centre(s)** means the city or cities specified as such in the relevant Final Terms;

**Additional Financial Centre(s)** means the city or cities specified as such in the relevant Final Terms;

**Amounts Due** means the principal amount of, or outstanding amount due under, the Notes, together with any accrued but unpaid interest due on the Notes. References to such amount will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Bail-in Tool by the Resolution Authority;

**Bail-in Tool** means the mechanism for effecting the exercise by the Resolution Authority of any loss absorption, write-down, conversion, transfer, modification, suspension or similar resolution related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or group entities in effect and applicable in Poland or any other relevant jurisdiction, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted on the basis of the BRRD and/or the Act on Bank Guarantee Fund, in particular under Art. 70 of the Act on Bank Guarantee Fund;

**BRRD** means Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms as the same may be amended or replaced from time to time, including without limitation as amended by the Creditor Hierarchy Directive and by Directive (EU) 2019/879 of 20 May 2019 of the European Parliament and of the Council amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms;

**Business Day** means (other than in respect of Notes for which the Reference Rate is specified as SOFR in the relevant Final Term):

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the principal financial centre of the relevant currency and in each (if any) Additional Business Centre;

**Business Day Convention**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day save in respect of Notes for which the Reference Rate is SOFR, for which the final Interest Payment Date will not be postponed and interest on that payment will not accrue during the period from and after the scheduled final Interest Payment Date;
- (iii) **Preceding Business Day Convention** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **FRN Convention, Floating Rate Convention** or **Eurodollar Convention** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **No Adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**Calculation Agent** means the Issue and Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

**Calculation Amount** has the meaning given in the relevant Final Terms;

**Coupon Sheet** means, in respect of a Note, a coupon sheet relating to the Note;

**CRD** means, as the context requires, any, or any combination, of the CRD IV Directive, the CRR, and any CRD IV Implementing Measures;

**CRD IV Directive** means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended or replaced from time to time, or such other directive as may come into effect in place thereof;

**CRD IV Implementing Measures** means regulatory capital rules or regulations or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any other rules, regulations or other requirements) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by the CRD IV Directive or the CRR, including for the avoidance of doubt and without limitation any regulatory technical standards released from time to time by the European Banking Authority (or any successor or replacement thereof);

**Creditor Hierarchy Directive** means Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy, or any equivalent legislation that supersedes or replaces it;

**CRR** means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms, as amended from time to time, or such other regulation as may come into effect in place thereof, including without limitation as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 to the extent applicable;

**DA Selected Bond** means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

**Day Count Fraction** means, in respect of the calculation of an amount for any period of time (the **Calculation Period**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if **Actual/Actual (ICMA)** is so specified, means:
  - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

- (B) where the Calculation Period is longer than one Regular Period, the sum of:
- (I) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (II) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if **Actual/Actual (ISDA)** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **Actual/365 (Fixed)** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **Actual/360** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if **30/360** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if **30E/360** or **Eurobond Basis** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if **30E/360 (ISDA)** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;



**Determination Agent** means an independent adviser, investment bank or financial institution of international standing selected by the Issuer after consultation with the relevant Dealer(s);

**Early Redemption Amount (Tax)** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**Early Termination Amount** means, in respect of any Note, its principal amount or such other amount as may be specified in these Conditions or the relevant Final Terms;

**EURIBOR** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate);

**Extraordinary Resolution** has the meaning given in the Agency Agreement;

**Final Redemption Amount** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**First Interest Payment Date** means the date specified in the relevant Final Terms;

**Fixed Coupon Amount** has the meaning given in the relevant Final Terms;

**Guarantee** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness.

**Gross Redemption Yield** means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper "*Formulae for Calculating Gilt Prices from Yields*", page 5, Section One: Price/Yield Formulae "*Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date*" (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005, and as further amended, updated, supplemented or replaced from time to time) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Determination Agent;

**Group means** the Issuer and its consolidated subsidiaries;

**Indebtedness** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**Interest Amount** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**Interest Commencement Date** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**Interest Determination Date** has the meaning given in the relevant Final Terms;

**Interest Payment Date** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**Interest Period** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**ISDA Benchmarks Supplement** means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) published by the International Swaps and Derivatives Association, Inc.;

**ISDA Definitions** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc.) and, if specified in the relevant Final Terms, as supplemented by any applicable supplement to the

ISDA Definitions, including, if specified in the relevant Final Terms, the ISDA Benchmark Supplement;

**Issue Date** has the meaning given in the relevant Final Terms;

**Make Whole Redemption Price** has the meaning given in Condition 9(e) (*Redemption and Purchase – Redemption at the option of the Issuer*);

**Margin** has the meaning given in the relevant Final Terms;

**Material Subsidiary** means any Subsidiary of the Issuer: (a) whose gross profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated gross profits of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated, or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; or (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Material Subsidiary of the Issuer, all as more particularly defined in the Agency Agreement. A certificate by the Management Board of the Issuer confirming that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time a Material Subsidiary of the Issuer accompanied by a report of the Auditors addressed to the Issuer (as to proper extraction of the figures used by the Management Board of the Issuer in determining the Material Subsidiaries of the Issuer and mathematical accuracy of the calculation) shall, in the absence of manifest error, be conclusive and binding on all parties;

**Maturity Date** has the meaning given in the relevant Final Terms;

**Maximum Redemption Amount** has the meaning given in the relevant Final Terms;

**Minimum Redemption Amount** has the meaning given in the relevant Final Terms;

**Non-Sterling Make Whole Redemption Amount** has the meaning given in Condition 9(e) (*Redemption and Purchase – Redemption at the option of the Issuer*);

**Noteholder**, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

**Optional Redemption Amount (Call)** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**Optional Redemption Amount (Put)** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**Optional Redemption Date (Call)** has the meaning given in the relevant Final Terms;

**Optional Redemption Date (Put)** has the meaning given in the relevant Final Terms;

**Participating Member State** means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

**Payment Business Day** means:

- (i) if the currency of payment is euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre;

**Permitted Security Interest** means a Security Interest on the undertaking or assets of any Person existing at the time such Person is acquired by, and becomes a Subsidiary of, the Issuer, provided that such Security Interest was not created in contemplation of such acquisition and the principal amount secured has not been increased in contemplation of or since such acquisition;

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**Put Option Notice** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**Put Option Receipt** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**Quotation Time** has the meaning given in the relevant Final Terms;

**Rate of Interest** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**Redemption Amount** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Sterling Make Whole Redemption Amount, the Non-Sterling Make Whole Redemption Amount, the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

**Redemption Margin** shall be the percentage specified in the relevant Final Terms;

**Reference Bond** has the meaning given in the relevant Final Terms or, if not so specified or to the extent that such Reference Bond specified in the Final Terms is no longer outstanding on the relevant Reference Date, the DA Selected Bond;

**Reference Bond Price** means, with respect to any Reference Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations;

**Reference Bond Rate** means, with respect to any Reference Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reference Date;

**Reference Date** has the meaning given in the relevant notice of redemption;

**Reference Government Bond Dealer** means each of five banks selected by the Issuer (following, where practicable, consultation with the Determination Agent, if applicable), or their affiliates, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues;

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and any Reference Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at the Quotation Time on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

**Reference Price** has the meaning given in the relevant Final Terms;

**Reference Rate** means EURIBOR, SONIA, SOFR or WIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms. Other than in the case of U.S. dollar-denominated Floating Rate Notes, the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 7(h) (*Benchmark Discontinuation*), include any Successor Rate or Alternative Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate or Alternative Rate, also include any further Successor Rate or further Alternative Rate;

**Regular Period** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls; and

- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

**Regulator** means the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) or such other or successor governmental authority exercising primary bank supervisory authority from time to time, in each case with respect to prudential matters in relation to the Issuer and/or the Group;

**Relevant Date** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Issue and Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**Relevant Financial Centre** has the meaning given in the relevant Final Terms;

**Relevant Indebtedness** means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

**Relevant Screen Page** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**Relevant Time** has the meaning given in the relevant Final Terms;

**Reserved Matter** means any proposal:

- (i) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment;
- (ii) to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (iii) to change the currency in which amounts due in respect of the Notes are payable;
- (iv) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; or
- (v) to amend this definition;

**Resolution Authority** means the Bank Guarantee Fund (*Bankowy Fundusz Gwarancyjny*) and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Tool from time to time;

**Security Interest** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**SONIA** means the Sterling Overnight Index Average;

**Specified Currency** has the meaning given in the relevant Final Terms;

**Specified Denomination(s)** has the meaning given in the relevant Final Terms;

**Specified Office** has the meaning given in the Agency Agreement;

**Specified Period** has the meaning given in the relevant Final Terms;

**Sterling Make Whole Redemption Amount** has the meaning given in Condition 9(e) (*Redemption and Purchase – Redemption at the option of the Issuer*);

**Subsidiary** means, in relation to any Person (the **first Person**) at any particular time, any other Person (the **second Person**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

**Talon** means a talon for further Coupons;

**TARGET2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**TARGET Settlement Day** means any day on which TARGET2 is open for the settlement of payments in euro;

**Treaty** means the Treaty of the Functioning of the European Union, as amended;

**WIBOR** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Warsaw interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of GPW Benchmark S.A. (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic WIBOR rates can be obtained from the designated distributor); and

**Zero Coupon Note** means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. **Form, Denomination, Title and Transfer**

- (a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, **Holder** means the holder of such Bearer Note and **Noteholder** and **Couponholder** shall be construed accordingly.
- (c) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) *Title to Registered Notes:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a **Note Certificate**) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, **Holder** means the person in whose name such Registered Note is for the time being



registered in the Register (or, in the case of a joint holding, the first named thereof) and **Noteholder** shall be construed accordingly.

- (e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, **business day** means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.
- (k) *Denominations:* Senior Non Preferred Notes and Tier 2 Subordinated Notes will be issued in denominations equivalent to at least PLN 400,000 or its equivalent in any other currency as

may be specified in the relevant Final Terms, but not less than EUR 100,000 or its equivalent in any other currency as may be specified in the relevant Final Terms, subject to compliance with the Applicable Banking Regulations.

#### 4. **Status**

The applicable Final Terms will indicate whether the Notes are Senior Notes, Senior Non Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes.

##### ***Status of Senior Notes***

- (a) The payment obligations of the Issuer on account of principal under Notes which specify their status as Senior Notes (**Senior Notes**) in the relevant Final Terms constitute direct, unconditional, unsubordinated and (subject to Condition 5 (*Covenants*)) unsecured obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provision of law, upon the insolvency of the Issuer as set out in the Polish Act dated 28 February 2003 Insolvency Law (the **Insolvency Law**), such payment obligations shall fall into category three of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law and shall rank:
- (i) junior to any liabilities of the Issuer falling into categories one and two of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law;
  - (ii) *pari passu* among themselves and with any other liabilities of the Issuer falling into category three of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and
  - (iii) senior to any liabilities of the Issuer falling into categories from four to ten of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law.
- (b) The payment obligations in respect of interest on Senior Notes upon the insolvency of the Issuer shall fall into category four of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law and shall rank:
- (i) junior to any liabilities of the Issuer falling into categories from one to three category of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law;
  - (ii) *pari passu* among themselves and with any other liabilities of the Issuer falling into category four of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and
  - (iii) senior to any liabilities of the Issuer falling into categories from five to ten of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law.

##### ***Status of Senior Non Preferred Notes***

The payment obligations of the Issuer under Notes which specify their status as Senior Non Preferred Notes (**Senior Non Preferred Notes**) in the relevant Final Terms constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and, upon the insolvency of the Issuer such payment obligations shall fall into category six of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law and shall rank:

- (i) junior to any liabilities of the Issuer falling into categories from one to five of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law;

- (ii) *pari passu* among themselves and with any other liabilities of the Issuer falling into category six of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and
- (iii) senior to any liabilities of the Issuer falling into categories from seven to ten of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law.

#### ***Status of Senior Subordinated Notes***

The payment obligations of the Issuer under Notes which specify their status as Senior Subordinated Notes (**Senior Subordinated Notes**) in the relevant Final Terms constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and, upon the insolvency of the Issuer such payment obligations shall fall into category seven of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law and shall rank:

- (i) junior to any liabilities of the Issuer falling into categories from one to six of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law;
- (ii) *pari passu* among themselves and with any other liabilities of the Issuer falling into category seven of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and
- (iii) senior to any liabilities of the Issuer falling into categories from eight to ten of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law.

#### ***Status of Tier 2 Subordinated Notes***

The payment obligations of the Issuer under Notes which specify their status as Tier 2 Subordinated Notes (**Tier 2 Subordinated Notes**) in the relevant Final Terms constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and, upon the insolvency of the Issuer such payment obligations shall fall into category eight of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law and shall rank:

- (i) junior to any liabilities of the Issuer falling into categories from one to seven of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law;
- (ii) *pari passu* among themselves and with any other liabilities of the Issuer falling into category eight of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and
- (iii) senior to any liabilities of the Issuer falling into categories nine and ten of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law.

## **5. Covenants**

*Negative Pledge:* This Condition 5 is applicable only in relation to Senior Notes. So long as any Senior Note remains outstanding (as defined in the Issue and Paying Agency Agreement), the Issuer shall not create or permit to subsist any Security Interest other than a Permitted Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

## 6. Fixed Rate Note Provisions

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*) as applicable. Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Issue and Principal Paying Agent has received all sums due in respect of the Notes up to such seventh day and notice to that effect has been given to Noteholders in accordance with Condition 21 (*Notices*) (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (e) *Notes accruing interest otherwise than a Fixed Coupon Amount:* This Condition 6(e) shall apply to Notes which are Fixed Rate Notes only where the Final Terms for such Notes specify that the Interest Payment Dates are subject to adjustment in accordance with the Business Day Convention specified therein. The relevant amount of interest payable in respect of each Note for any Interest Period for such Notes shall be calculated by the Calculation Agent by multiplying the product of the Rate of Interest and the Calculation Amount by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). The Calculation Agent shall cause the relevant amount of interest and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agents, the Registrar (in the case of Registered Notes) and the Noteholders in accordance with Condition 21 (*Notices*) and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation but in no event later than the fourth Business day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange.

(f) Reset Fixed Rate Notes

- (i) *Rates of Interest and Interest Payment Dates:* Notes in relation to which this Condition 6(f) applies and the relevant Final Terms specify as being applicable shall bear interest:
- (A) from (and including) their Interest Commencement Date until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
  - (B) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
  - (C) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

the relevant Rate of Interest being payable, in each case, in arrear on each Interest Payment Date specified in the relevant Final Terms. The amount of interest payable shall be determined subject to Condition 7(h) (*Benchmark Discontinuation*).

- (ii) *Fallbacks:* If on any Reset Determination Date, the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be the sum of the relevant Mid-Market Swap Rate Quotation (rounded, if necessary, to the nearest 0.001 per cent (0.0005 per cent. being rounded upwards)) and the First or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be (i) the rate determined on the previous Reset Determination Date (if any) or (ii) if there is no such previous Reset Determination Date, the Initial Rate of Interest, in each case, substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the margin relating to the relevant Interest Period in place of the margin relating to that last preceding Interest Period.

For the purposes of these Conditions:

**First Margin** means the margin specified as such in the applicable Final Terms;

**First Reset Date** means the date specified in the applicable Final Terms as adjusted (if so specified in the applicable Final Terms) as if the relevant Reset Date was an Interest Payment Date;

**First Reset Period** means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

**First Reset Rate of Interest** means, in respect of the First Reset Period and subject to Condition 6(f)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin;

**Initial Rate of Interest** has the meaning specified in the applicable Final Terms;

**Mid-Market Swap Rate** means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Duration specified in the relevant Final Terms (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

**Mid-Market Swap Rate Quotation** means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

**Mid-Swap Floating Leg Benchmark Rate** means EURIBOR if the Specified Currency is euro;

**Mid-Swap Rate** means, in relation to a Reset Determination Date and subject to Condition 6(f)(ii), either:

- (i) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page (as specified in the applicable Final Terms) or such replacement page on that service which displays the information; or

- (ii) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards), of the bid and offered swap rate quotations for swaps in the Specified Currency;

- (A) with a term equal to the relevant Reset Period; and
- (B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page (as specified in the applicable Final Terms) or such replacement page on that service which displays the information,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

**Reference Banks** means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute;

**Reset Business Day** means a day on which commercial banks are open for business and foreign exchange markets settle payments in any Reset Business Centre specified in the relevant Final Terms;

**Reset Date** means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

**Reset Determination Date** means, in respect of the First Reset Period, the second Reset Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Reset Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Reset Business Day prior to the first day of each such Subsequent Reset Period;

**Reset Period** means the First Reset Period or a Subsequent Reset Period, as the case may be;

**Second Reset Date** means the date specified in the applicable Final Terms as adjusted (if so specified in the applicable Final Terms) as if the relevant Reset Date was an Interest Payment Date;

**Subsequent Margin** means the margin specified as such in the applicable Final Terms;

**Subsequent Reset Date** means the date or dates specified in the applicable Final Terms as adjusted (if so specified in the applicable Final Terms) as if the relevant Reset Date was an Interest Payment Date;

**Subsequent Reset Period** means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date; and

**Subsequent Reset Rate of Interest** means, in respect of any Subsequent Reset Period and subject to Condition 6(f)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin.

## 7. Floating Rate Note Provisions

- (a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Issue and Principal Paying Agent has received all sums due in respect of the Notes up to such seventh day and notice to that effect has been given to Noteholders in accordance with Condition 21 (*Notices*) (except to the extent that there is any subsequent default in payment).
- (i) *Screen Rate Determination.* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Reference Rate is to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be (other than in respect of Notes for which SONIA and/or SOFR is specified as the Reference Rate in the relevant Final Terms) determined, subject to Condition 7(h) (*Benchmark Discontinuation*), by the Calculation Agent on the following basis:
- (A) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (B) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
- (I) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (II) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period; ***provided, however, that*** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer determines appropriate;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as at the Relevant Time on the relevant Interest Determination Date;



(iii) if, in the case of (A) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by four major banks in the principal financial centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(c) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Final Terms; and

- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
- (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

*provided, however, that* if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer determines appropriate.

- (d) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (f) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (g) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid)

no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(h) *Benchmark Discontinuation:* In addition, notwithstanding the foregoing provisions in this Condition 7, if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event has occurred in relation to a Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions of this Condition 7(h) shall apply:

- (i) the Issuer shall use reasonable endeavors to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the **IA Determination Cut-off Date**) a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate for purposes of determining the Interest Rate (or the relevant component part thereof) applicable to the Notes;
- (ii) An Independent Adviser appointed pursuant to this Condition 7(h) shall act in good faith and in a commercially reasonable manner, and (in the absence of fraud) shall have no liability whatsoever to the Issuer, the Calculation Agent or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 7(h).
- (iii) If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines that:
  - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(h)(iv)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 7(h)); or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(h)(iv)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 7(h) in the event of a further Benchmark Event affecting the Alternative Rate), **provided, however, that** if the Issuer fails to determine a Successor Rate or an Alternative Rate in accordance with this Condition 7(h) five Business Days prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period (though substituting, where a different Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period). For the avoidance of doubt, the proviso in this Condition 7(h)(iii) shall apply to the

immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 7(h).

- (iv) If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable). If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.
- (v) If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(h) and the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines that (i) amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 7(h)(vi), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 7(h)(v), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 7(h), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Tier 2 Subordinated Notes as Tier 2 capital or the relevant Series of Senior Non Preferred Notes as MREL Eligible Liabilities.

Notwithstanding any other provision of this Condition 7(h), in the case of Senior Non Preferred Notes only, no Successor Rate or Alternative Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 7(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Regulator treating an Interest Payment Date or Reset Date, as the case may be, as the effective maturity of the Notes, rather than the relevant Maturity Date.

- (vi) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(h) will be notified within five Business Days by the Issuer to the Calculation Agent, and, in accordance with Condition 21 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) will, in the absence of manifest error in the determination of the Successor Rate or the Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) be binding on the Issuer, the Calculation Agent and the Noteholders.

This Condition 7(h) shall not apply to notes for which the Reference Rate is specified in the relevant Final Terms as being "SOFR" in respect of which the provisions of Condition 7B (*Interest – Floating Rate Notes referencing SOFR*) and benchmark discontinuation provisions of Condition 7B(d) will apply.

As used in these Conditions:

**Adjustment Spread** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), in each case acting in good faith and in a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (C) if no such customary market usage is recognized or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate,

in each case, in order to put the Issuer and the Holders in substantially the same economic position as prior to the occurrence of the Benchmark Event and the subsequent operation of this Condition 7(h).

**Alternative Rate** means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

**Benchmark Amendments** has the meaning given to it in Condition 7(h)(v).

**Benchmark Event** means:

- (A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the **Specified Future Date**);

or

- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the **Specified Future Date**), be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the **Specified Future Date**) be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, such Reference Rate is or will, by a specified future date (the **Specified Future Date**), be no longer representative of its an underlying market;

or

- (F) it has or will, by a specified date within the following six months,, become unlawful for the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (including without limitation, under the Benchmarks Regulation, if applicable),

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C), (D), or (E) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date.

**Independent Adviser** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under this Condition 7(h).

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank, reserve bank, monetary authority or any such similar institution for the currency to which the benchmark or screen rate (as applicable) relates, or any other central bank or other supervisory authority

which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

- (B) any working group or committee sponsored by, chaired or co-chaired by, or constituted at the request of (a) the central bank, reserve bank, monetary authority or any such similar institution for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

**Successor Rate** means a successor to or replacement of the Reference Rate (and related alternative screen page or source if available) which is formally recommended by any Relevant Nominating Body.

### 7A Interest – Floating Rate Notes referencing SONIA

- (a) This Condition 7A is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "SONIA".
- (b) Where "SONIA" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent.
- (c) For the purposes of this Condition 7A:

**Compounded Daily SONIA**, means with respect to an Interest Period, the rate of return of a daily compound interest investment in Sterling (with the daily Sterling Overnight Index Average (SONIA) as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

**d** means, for any Observation Period the number of calendar days in such Observation Period;

**d<sub>o</sub>** means, for any Observation Period, the number of London Banking Days in such Observation Period;

**i** means, for any Observation Period a series of whole numbers from one to d<sub>o</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Observation Period to, and including, the last London Banking Day in such Observation Period;

**Interest Determination Date** means, in respect of any Interest Period, the date falling p London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes are due and payable).

**London Banking Day** or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**n<sub>i</sub>** for any London Banking Day "i", in the relevant Observation Period the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

**p** for any Interest Period, means the number of London Banking Days specified in the relevant Final Terms.

**Observation Period** means, in respect of an Interest Period, the period from, and including, the date falling "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

**SONIA Reference Rate** means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or if the Relevant Screen Page is unavailable, as otherwise is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

**SONIA<sub>i</sub>** means, in respect of any London Banking Day "i" falling in the relevant Observation Period, the SONIA Reference Rate.

For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.

- (d) If, in respect of any London Banking Day in the relevant Observation Period, the Calculation Bank determines that the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall, subject to Condition 7(h) (*Benchmark Discontinuation*)), be:
- (i) (A) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London Banking Day; plus (B) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or
  - (ii) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).
- (e) If the Interest Rate cannot be determined in accordance with the foregoing provisions of this Condition 7A, the Interest Rate shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the



relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

- (f) If the Notes become due and payable in accordance with Condition 13 (*Events of Default*), the final Interest Determination Date shall, notwithstanding the definition specified above, be deemed to be the date on which the Notes became due and payable and the Interest Rate on the Notes shall, for so long as the Notes remain outstanding, be the rate determined on such date

#### **7B. Interest – Floating Rate Notes referencing SOFR**

- (a) This Condition 7B is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "SOFR".
- (b) Where "SOFR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent. In no event will the Rate of Interest for any Interest Period be less than the Minimum Rate of Interest.
- (c) For the purposes of this Condition 7B:

**Benchmark** means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 7B (*Interest – Floating Rate Notes referencing SOFR*).

*Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days in the Observation Period will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.*

*If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 7B(d) below will apply.*

**Interest Period** means each period from, and including, an Interest Payment Date (or, in the case of the first Interest Period, the Interest Commencement Date) to, but excluding, the next Interest Payment Date (or, in the case of the final Interest Period, the Maturity Date or, if the Issuer elects to redeem the Notes on any earlier redemption date, the relevant redemption date);

**Interest Payment Determination Dates** means the date falling "p" U.S. Government Securities Business Days before each Interest Payment Date where "p" has the value ascribed to it in the relevant Final Terms;

**U.S. Government Securities Business Day** means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

**Business Day** means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

**Observation Period** in respect of each Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period;

**SOFR** with respect to any U.S. Government Securities Business Day, means:

- (i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the **SOFR Determination Time**); or
- (ii) if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

**SOFR Administrator** means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

**SOFR Administrator's Website** means the website of the Federal Reserve Bank of New York, or any successor source; and

**Compounded SOFR** with respect to any Interest Period, means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

**d<sub>0</sub>**, for any Observation Period, is the number of U.S. Government Securities Business Days in the relevant Observation Period;

**i** is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Observation Period;

**SOFR<sub>i</sub>**, for any U.S. Government Securities Business Day "i" in the relevant Observation Period, is equal to SOFR in respect of that day "i";

$n_i$ , for any U.S. Government Securities Business Day "i" in the relevant Observation Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ( $i+1$ ); and

$d$  is the number of calendar days in the relevant Observation Period.

- (d) If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) will be conclusive and binding absent manifest error;
- (ii) will be made in the sole discretion of the Issuer; and
- (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

**Benchmark** means, initially, Compounded SOFR, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

**Benchmark Replacement** means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;
- (ii) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment.

**Benchmark Replacement Adjustment** means the first alternative set forth in the order below that can be determined by the issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

**Benchmark Replacement Conforming Changes** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

**Benchmark Replacement Date** means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (A) the date of the public statement or publication of information referenced therein and (B) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

**Benchmark Transition Event** means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no

successor administrator that will continue to provide the Benchmark (or such component); or

- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

**ISDA Definitions** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

**ISDA Fallback Adjustment** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

**ISDA Fallback Rate** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**Reference Time** with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

**Relevant Governmental Body** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

**Unadjusted Benchmark Replacement** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (e) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this Condition 7B will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 21 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

- (i) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 7B; and
- (ii) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

## **8. Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Issue and Principal Paying Agent has received all sums due in respect of the Notes up to such seventh day and notice to that effect has been given to the Noteholders in accordance with Condition 21 (*Notices*) (except to the extent that there is any subsequent default in payment).

## **9. Redemption and Purchase**

- (a) *Scheduled redemption:*
  - (i) Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*).
  - (ii) Senior Non Preferred Notes will have a maturity of not less than one year or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.
  - (iii) Tier 2 Subordinated Notes will have a maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.

(b) *Redemption for tax reasons*: Subject to Condition 9(e), the Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (unless the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Registrar (in the case of Registered Notes), the Issue and Principal Paying Agent and, in accordance with Condition 21 (*Notices*) Noteholders, or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) in the case of any Notes which are Senior Notes, Senior Non Preferred Notes and Senior Subordinated Notes as a result of any change in, or amendment to, the laws or regulations of the Republic of Poland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after an agreement is reached to issue the first Tranche of the Notes:
  - (I) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*); and
  - (II) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) in the case of Senior Non Preferred Notes and Senior Subordinated Notes, the Issuer is no longer entitled to claim a deduction in respect of any payments in computing its taxation liabilities or the value of such deduction to the Issuer would be materially reduced or the applicable tax treatment of the Senior Non Preferred Notes or Senior Subordinated Notes changes; or
- (C) in the case of Tier 2 Subordinated Notes, there is a change in the applicable tax treatment of the instruments and the Issuer demonstrates to the satisfaction of the Regulator that such change is material and was not reasonably foreseeable at the Issue Date,

**provided, however, that** no such notice of redemption shall be given earlier than:

- (I) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (II) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Final Terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Noteholders and the Issue and Principal Paying Agent: (A) a certificate signed by two members of the Management Board of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment; and (C) in the case of the Senior Notes or the Senior Subordinated Notes eligible to comply with the Applicable MREL Regulations or the Tier 2 Subordinated Notes, if required under Applicable Banking Regulations, a copy of the Regulator's and/or Relevant Resolution Authority's consent to the redemption.

Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

(c) *Early Redemption due to Capital Disqualification Event:* If, in the case of Tier 2 Subordinated Notes only, a Capital Disqualification Event occurs as a result of a change (or any pending change which the Regulator considers sufficiently certain) in Polish law, the law of any other relevant jurisdiction or Applicable Banking Regulations becoming effective on or after the Issue Date, the Issuer may, at its option and having given not less than 30 nor more than 60 calendar days' notice to the Registrar (in the case of Registered Notes); the Issue and Principal Paying Agent and, in accordance with Condition 21 (*Notices*), the Noteholders of the Tier 2 Subordinated Notes (which notice shall be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Tier 2 Subordinated Notes.

Tier 2 Subordinated Notes redeemed pursuant to this Condition 9(c) will be redeemed at their early redemption amount (the **Early Redemption Amount (Capital Disqualification Event)**) (which shall be their principal amount or a such other Early Redemption Amount (Capital Disqualification Event) as may be specified in the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Tier 2 Subordinated Notes for regulatory reasons pursuant to this Condition 9(c) is subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

For the purposes of these Conditions:

**Applicable Banking Regulations** means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Issuer and/or the Group including, without limitation to the generality of the foregoing, CRD, the BRRD and those regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect of the Regulator and/or the Relevant Resolution Authority, in each case to the extent then in effect in Poland or any other relevant jurisdiction (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

**Capital Disqualification Event** means a change in the regulatory classification of the Tier 2 Subordinated Notes that would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds, which, if the redemption of the relevant Tier 2 Subordinated Notes is proposed to be made prior to the fifth anniversary of the Issue Date, the Regulator considers to be sufficiently certain and the Issuer demonstrates to the



satisfaction of the Regulator that the change in the regulatory classification was not reasonably foreseeable at the Issue Date; and

**Tier 2 Capital** means tier 2 capital as provided under the Applicable Banking Regulations.

(d) *Early Redemption due to MREL Disqualification Event*: If, in the case of Senior Subordinated Notes, Senior Non Preferred Notes and Senior Notes where the MREL Disqualification Event has been specified as applicable in the applicable Final Terms only, following the MREL Requirement Date, a MREL Disqualification Event has occurred and is continuing, then the Issuer may, at its option and having given not less than 30 nor more than 60 days' notice to the Registrar (in the case of Registered Notes); the Issue and Principal Paying Agent and, in accordance with Condition 21 (*Notices*), the Noteholders of the relevant Notes (as applicable) (which notice shall be irrevocable and shall specify the date for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the relevant Notes (as applicable). Upon the expiry of such notice, the Issuer shall redeem the relevant Notes (as applicable).

Notes redeemed pursuant to this Condition 9(d) will be redeemed at their early redemption amount (the **Early Redemption Amount (MREL Disqualification Event)**) (which shall be their principal amount or such other Early Redemption Amount (MREL Disqualification Event) as may be specified in or determined in accordance with the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Subordinated Notes, Senior Non Preferred Notes and Senior Notes where the MREL Disqualification Event has been specified as applicable in the relevant Final Terms, for regulatory reasons pursuant to this Condition 9(d) will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority as set out in Conditions 9(l) (*Conditions to Early Redemption and Purchase of Tier 2 Subordinated Notes*) and 9(m) (*Conditions to Redemption and Purchase of Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non-Preferred Notes and Senior Subordinated Notes*).

For the purposes of these Conditions:

**Applicable MREL Regulations** means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Poland or any other relevant jurisdiction giving effect to the MREL or any successor principles then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD, the BRRD and those regulations, requirements, guidelines and policies giving effect to MREL or any successor principles then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

**MREL** means the "minimum requirement for own funds and eligible liabilities" for credit institutions under the BRRD, set in accordance with Article 45 of the BRRD (as transposed in Poland or any other relevant jurisdiction), Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016, supplementing BRRD with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities, or any successor requirement under EU legislation and relevant implementing legislation and regulation in Poland or any other relevant jurisdiction;

**MREL Disqualification Event** means at any time, on or following the MREL Requirement Date, the determination by the Issuer that all or part of the outstanding nominal amount of: the Senior Subordinated Notes; the Senior Non Preferred Notes or the Senior Notes where the MREL Disqualification Event has been specified as applicable in the relevant Final Terms, does not fully qualify as MREL-Eligible Notes of the Issuer and/or the Group, except where

such non-qualification: (i) is due solely to the remaining maturity of the relevant Notes (as applicable) being less than any period prescribed for MREL-Eligible Notes by the Applicable MREL Regulations; or (ii) is as a result of the relevant Notes (as applicable) being bought back by or on behalf of the Issuer or a buy back of the relevant Notes which is funded by or on behalf of the Issuer; or (iii) in the case of Senior Notes where the MREL Disqualification Event has been specified as applicable in the relevant Final Terms, is due to the relevant Senior Notes not meeting any requirement in relation to their ranking upon insolvency of the Issuer or any limitation on the amount of such Notes that may be eligible for the inclusion in the amount of MREL-Eligible Notes of the Issuer and/or the Group or (iv) is due to any applicable limits on the amount of "eligible liabilities" (or any equivalent or successor term) permitted or allowed to meet any MREL requirements applicable to the Issuer and/or the Group being exceeded.

**MREL-Eligible Notes** means an instrument that complies with the Applicable MREL Regulations;

**MREL Requirement Date** means the time from which the Issuer and/or the Group is obliged to meet any MREL Requirements;

**MREL Requirements** means the minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the Group under the Applicable MREL Regulations; and

(e) *Redemption at the option of the Issuer:* This Condition 9(e) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons or due to a Capital Disqualification Event or a MREL Disqualification Event), such option being referred to as an **Issuer Call**. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 9(e) for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods. If Issuer Call is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Registrar (in the case of Registered Notes); the Issue and Principal Paying Agent and, in accordance with Condition 21 (*Notices*), the Noteholders of the relevant Notes (as applicable), or such other period(s) as may be specified in the relevant Final Terms (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the applicable amount specified in the relevant Final Terms (together with accrued interest to (but excluding) the relevant Optional Redemption Date (Call)) at either:

- (i) the Optional Redemption Amount (Call); or
- (ii) the Make Whole Redemption Price.

The **Make Whole Redemption Price** will, in respect of Notes to be redeemed, be:

- (A) if **Sterling Make Whole Redemption Amount** is specified as being applicable in the relevant Final Terms an amount equal to the higher of (i) 100 per cent. of the principal amount of such Notes and (ii) the principal amount of such Notes multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent (if applicable), at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (as determined by reference to the middle market price) at the Quotation Time on the Reference Date

of the Reference Bond, plus the Redemption Margin, as determined by the Determination Agent; or

- (B) if **Non-Sterling Make Whole Redemption Amount** is specified in the applicable Final Terms an amount equal to the higher of (i) 100 per cent. of the principal amount of such Notes and (ii) the principal amount of such Notes multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent (if applicable), at which the yield to maturity on such Notes on the Reference Date is equal to the Reference Bond Rate at the Quotation Time on the Reference Date, plus the Redemption Margin, as determined by the Determination Agent.

In the case of Senior Subordinated Notes, Senior Non Preferred Notes and Senior Notes eligible to comply with Applicable MREL Regulations, redemption at the option of the Issuer pursuant to this Condition 9(e) will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

(f) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(e) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots on a pro rata basis in such place as the Issue and Principal Paying Agent approves and in such manner as the Issue and Principal Paying Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(e) (*Redemption at the option of the Issuer*), (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) shall specify the serial numbers of the Notes so to be redeemed (which will be published by the Issuer in accordance with Condition 19 not less than 15 days prior to the date fixed for redemption), and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(g) *Redemption at the option of Noteholders:* If Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(g), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Final Terms), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(g), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put

Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(g), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

- (h) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.
- (i) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount calculated by the Issuer equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(i) or, if none is so specified, a Day Count Fraction of 30E/360.

- (j) *Purchase:* Subject to Condition 9(m) in respect of Senior Notes, Senior Non Preferred Notes and Senior Subordinated Notes, and Condition 9(l) in respect of Tier 2 Subordinated Notes, the Issuer or any subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.
- (k) *Cancellation:* All Notes redeemed or purchased and surrendered for cancellation and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.
- (l) *Conditions to Early Redemption and Purchase of Tier 2 Subordinated Notes:* Any redemption or purchase of Tier 2 Subordinated Notes in accordance with Conditions 9(b) (*Redemption for tax reasons*), 9(c) (*Early Redemption due to Capital Disqualification Event*), 9(e) (*Redemption at the option of the Issuer*) or 9(j) (*Purchase*) is subject to:
  - (i) the Issuer giving notice to the relevant Regulator and such Regulator granting prior permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the relevant Applicable Banking Regulations, including Articles 77(b) and 78 of the CRR); and
  - (ii) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the relevant Applicable Banking Regulations for the time being.
- (m) *Conditions to Redemption and Purchase of Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non-Preferred Notes and Senior Subordinated Notes:* Any

redemption or purchase in accordance with Conditions 9(b) (*Redemption for tax reasons*), 9(d) (*Early Redemption due to MREL Disqualification Event*), 9(e) (*Redemption at the option of the Issuer*) or 9(j) (*Purchase*) of Senior Notes, eligible to comply with Applicable MREL Regulations, Senior Non Preferred Notes and/or Senior Subordinated Notes is subject to compliance by the Issuer with any conditions to such redemption or repurchase prescribed by the Applicable MREL Regulations at the relevant time (including any requirements applicable to such redemption or repurchase due to the qualification of such Senior Notes, eligible to comply with Applicable MREL Regulations, Senior Non Preferred Notes and/or Senior Subordinated Notes at such time as eligible liabilities available to meet the MREL Requirements).

- (n) *Agents*: The Agents are not responsible for verifying the Issuer's compliance with the conditions for redemption or purchase of the Notes under this Condition 9 (*Redemption and Purchase*).

## 10. Payments - Bearer Notes

This Condition 10 is only applicable to Bearer Notes.

- (a) *Principal*: Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the principal financial centre of that currency, or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) *Interest*: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing

Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
  - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Coupons**) being equal to the amount of principal due for payment; **provided, however, that** where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
  - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(g) (*Redemption at the option of Noteholders*), Condition 9(e) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of

such Coupon Sheet may be exchanged at the Specified Office of the Issue and Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 16 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## 11. Payments - Registered Notes

This Condition 11 is only applicable to Registered Notes.

- (a) *Principal*: Payments of principal shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the principal financial centre of that currency (or in the case of euro, in a city in which banks have access to the TARGET System) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the principal financial centre of that currency and (or in the case of euro, in a city in which banks have access to the TARGET System) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws*: All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) *Payments on business days*: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.
- (e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date*: Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the **Record Date**).

## 12. Taxation

- (a) *Gross up*: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Tax Jurisdiction or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts of principal and interest, in the case of Senior Notes, Senior Non Preferred Notes or Senior Subordinated Notes (if permitted by the Applicable MREL Regulations), or interest only, in the case of Tier 2 Subordinated Notes, as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
- (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Tax Jurisdiction other than the mere holding of the Note or Coupon;
  - (ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days; or
  - (iii) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof.

In these Conditions:

**Tax Jurisdiction** means the Republic of Poland or any other relevant jurisdiction, or any political subdivision or any authority thereof or therein having power to tax.

## 13. Events of Default

### (a) *Events of Default with respect to Senior Notes*

Unless otherwise specified in the relevant Final Terms, if any of the following events occurs and is continuing:

- (i) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Senior Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Senior Notes on the due date for payment thereof and such default continues for a period of seven days; or
- (ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Senior Notes and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer



by any Ordinary Senior Noteholder, has been delivered to the Issuer and to the Specified Office of the Issue and Principal Paying Agent; or

(iii) *Cross-default of Issuer or Material Subsidiary:*

- (A) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
- (B) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, or (as the case may be) the relevant Material Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
- (C) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

**provided that** the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds EUR 50,000,000 (or its equivalent in any other currency or currencies); or

- (iv) *Insolvency etc:* (A) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Material Subsidiaries or the whole or any/a substantial part of the undertaking, assets and revenues of the Issuer, or any of its Material Subsidiaries, (C) the Issuer, or any of its respective Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (D) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (v) *Winding up etc:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, or any of its Material Subsidiaries (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent);
- (vi) *Analogous event:* any event occurs which under the laws of Republic of Poland has an analogous effect to any of the events referred to in paragraphs (iv) to (v) above; or
- (vii) *Unlawfulness:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Senior Notes.

then any Ordinary Senior Note may, by written notice addressed by the Noteholder thereof to the Issuer and delivered to the Issuer and to the Specified Office of the Issue and Principal Paying Agent (and addressed to the Issuer), be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

(b) ***No Events of Default for Subordinated Notes, Senior Non Preferred Notes and certain Senior Notes***

Save as provided below, there are no events of default under the Subordinated Notes, the Senior Non Preferred Notes and, to the extent so specified in the relevant Final Terms, the Senior Notes, which could lead to an acceleration of the relevant Subordinated Notes, Senior Non Preferred Notes or Senior Notes.

However, if an order is made by any competent court commencing insolvency proceedings against the Issuer or if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer and such order is continuing, then any Holder of a Note may, unless there has been a resolution to the contrary by the Noteholders, by written notice addressed by the Noteholder thereof to the Issuer and delivered to the Issuer and to the Specified Office of the Issue and Principal Paying Agent (and addressed to the Issuer), be declared immediately due and payable, whereupon the principal amount of such Notes together with any accrued and unpaid interest thereon to the date of payment shall become immediately due and payable without further action or formality.

Neither a cancellation of the Notes, a reduction, in part or in full, of the principal amount of the Notes or any accrued and unpaid interest on the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Tool by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-in Tool by the Relevant Resolution Authority with respect to the Notes will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Noteholders to any remedies (including equitable remedies), which are hereby expressly waived.

14. **Waiver of Set-off**

If this Condition 14 is specified in the relevant Final Terms as being applicable to the Notes, no Holder may at any time exercise or claim any Waived Set-Off Rights against any right, claim, or liability the Issuer has or may have or acquire against such Holder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Note) and each Holder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer and accordingly any such discharge shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Holder of any Note but for this Condition.

The rights of Holders shall be subject to any present or future provisions of Polish law relating to the recovery and resolution of credit institutions and investment firms in the Republic of Poland which are or will be applicable to such Notes only as a result of the operation of such laws or regulations.

For the purposes of these Conditions:

**Waived Set-Off Rights** means any and all rights of or claims of any Holder for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note.

15. **Substitution and Variation**

If this Condition 15 is specified in the relevant Final Terms as being applicable to the Notes, and (i) a Capital Disqualification Event, (ii) an MREL Disqualification Event or (iii) a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 9(b) occurs and is continuing, the Issuer may substitute all (but not some only) of the Notes or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they are substituted for, or varied to, become, or remain, Qualifying Notes, subject to having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 21 (*Notices*), the Registrar and the Issue and Principal Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, variation), and subject to obtaining the prior consent of the Regulator and/or the Relevant Resolution Authority if and as required therefor under Applicable Banking Regulations and in accordance with Applicable Banking Regulations in force at the relevant time.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

Noteholders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant to the Issuer full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of the Noteholders which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

In these Conditions:

**Qualifying Notes** means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 25 (*Agreement and Acknowledgment with Respect to the Exercise of Bail-in Tool*), have terms not otherwise materially less favourable to the Noteholders than the terms of the Notes provided that the Issuer shall have delivered a certificate signed by two Authorised Signatories to that effect to the Noteholders not less than five Business Days prior to (x) in the case of a substitution of the Notes pursuant to this Condition 15, the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to this Condition 15, the date such variation becomes effective, provided that such securities shall:

- (i) (A) in the case of Notes eligible to comply with Applicable MREL Regulations, if the MREL Requirement Date has occurred, contain terms which comply with the then current requirements for MREL-Eligible Notes as embodied in the Applicable MREL Regulations, and (B) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then current requirements for their inclusion in the Tier 2 Capital of the Issuer; and
- (ii) carry the same rate of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 15; and

- (iii) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to this Condition 15; and
- (iv) have the same date of maturity and the same dates for payment of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 15; and
- (v) have at least the same ranking as set out in Condition 4; and
- (vi) not, immediately following such substitution or variation, be subject to a Capital Disqualification Event, a MREL Disqualification Event and/or an early redemption right for taxation reasons according to Condition 9(b), as applicable; and
- (vii) be listed or admitted to trading on any stock exchange as selected by the Issuer, if the Notes were listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or variation pursuant to this Condition 15.

#### 16. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

#### 17. **Replacement of Notes and Coupons**

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Issue and Principal Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

#### 18. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor issue and principal paying agent or registrar or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain an issue and principal paying agent and a registrar; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

## 19. Meetings of Noteholders; Modification, Waiver and Substitution

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not. Any modification of these Conditions in respect of any Series of Tier 2 Subordinated Notes or Senior Non-Preferred Notes is subject to the Issuer notifying and/or obtaining prior written consent of (in the case of the Tier 2 Subordinated Notes) the Regulator or (in the case of Senior Non-Preferred Notes) the Resolution Authority (in each such case, to the extent that such modification and/or consent is then required under the Applicable Banking Regulations).

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may, without the consent of the Noteholders, agree to modify any provision thereof.
- (c) *Substitution:* The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders, substitute for itself as principal debtor under the Notes such wholly owned subsidiary of the Issuer (the **Substitute**) as is specified in the Agency Agreement, provided that no payment in respect of the Notes is at the relevant time overdue.

The substitution shall be made by a deed poll (the **Deed Poll**), to be substantially in the form exhibited to the Agency Agreement, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder against any Taxes which are imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note and which would not have been so imposed had the substitution not been made, as well as against any Taxes and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll and the Notes shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll and the Notes represent valid, legally binding and enforceable obligations of the Substitute and, in the case of the Deed Poll, of the Issuer have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) legal opinions addressed to the Noteholders shall have been delivered to them from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this Condition 19(c) and the other matters specified in the Deed Poll and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of the Issuer. References in Condition 13 (*Events of Default*) to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 13 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect and the provisions of Conditions 13(a)(iv) to 13(a)(vii) inclusive shall be deemed to apply in addition to the guarantor.

## **20. Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

## **21. Notices**

- (a) *Bearer Notes*: For so long as the Notes are listed on the Official List of Euronext Dublin and admitted for trading on the Global Exchange Market and the rules of Euronext Dublin so require, the Issuer will publish a notice of any change of Paying Agent in a newspaper having a general circulation in Dublin (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, post such notice on the official website of Euronext Dublin (<https://live.euronext.com/>). Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders of Bearer Notes.
- (b) *Registered Notes*: Notices to the Noteholders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register or, if such publication is not practicable, in a newspaper having a general circulation in Dublin (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, post such notice on the official website of

Euronext Dublin (<https://live.euronext.com/>). Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

## 22. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the **first currency**) in which the same is payable under these Conditions or such order or judgment into another currency (the **second currency**) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer and to the Specified Office of the Issue and Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## 23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## 24. **Governing Law and Jurisdiction**

- (a) *Governing law*: The Notes, the Deed of Covenant and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Deed of Covenant and the Agency Agreement are governed by English law, except that Conditions 4 (*Status*) and 25 (*Agreement and Acknowledgment with Respect to the Exercise of Bail-in Tool*) are governed by Polish law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a **Dispute**) arising out of or in connection with the Notes, the Deed of Covenant and the Agency Agreement (including any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England*: Notwithstanding Condition 24(b) (*English courts*), any Noteholder may take proceedings relating to a Dispute

**(Proceedings)** in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

- (e) *Service of process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Banco Santander, S.A., London Branch, 2 Triton Square, Regent's Place, London NW1 3AN, United Kingdom, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## **25. Agreement and Acknowledgment with Respect to the Exercise of Bail-in Tool**

### **(a) Recognition of Bail-in**

- (i) Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements, or understandings between the Issuer and any Noteholder, by its acquisition of the Notes, each Noteholder (which, for the purposes of this Condition 25, includes each holder of a beneficial interest in the Notes) acknowledges and accepts that the Amount Due arising under these Notes may be subject to the exercise of Bail-in Tool by the Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (A) The effect of the exercise of Bail-in Tool by the Resolution Authority (which may be imposed without any prior notice to the Noteholders), which, without limitation, may include and result in any of the following, or some combination thereof:

- (I) the reduction or cancellation of all, or a portion, of the Amounts Due;
- (II) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes;
- (III) the cancellation of the Notes; and
- (IV) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

- (B) the variation of the terms of the Notes, as deemed necessary by the Resolution Authority, to give effect to the exercise of the Bail-in Tool by the Resolution Authority.

The exercise of the Bail-in Tool by the Resolution Authority pursuant to any relevant laws, regulations, rules or requirements in effect in Poland is not dependant on the application of this Condition 25.

- (ii) *Agents' Liability:* Upon the exercise of any Bail-in Tool by the Resolution Authority, (a) the Agents shall not be required to take any directions from Noteholders, and (b)



the Issue and Paying Agency Agreement shall impose no duties upon any of the Agents whatsoever, in each case with respect to the exercise of any Bail-in Tool by the Resolution Authority. The Agents shall not be responsible for the consequences of any write-down, cancellation, amendment or conversion of any Notes (in whole or in part) or any claims in respect thereof, and the Agents shall not be responsible for any calculation or determination or the verification of any calculation or determination in connection with the foregoing.

(b) **Payment of Interest and Other Outstanding Amounts Due**

No repayment or payment of Amounts Due will become due and payable or be paid after the exercise of any Bail-in Tool by the Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

(c) **No Event of Default**

Neither a reduction or cancellation, in part or in full, of the Amounts Due nor the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Tool by the Resolution Authority with respect to the Issuer and/or the Notes will be an Event of Default.

(d) **Notice to Noteholders**

Upon the exercise of the Bail-in Tool by the Resolution Authority with respect to the Issuer and/or the Notes, the Issuer will give notice to the Noteholders in accordance with Condition 21 (*Notices*) as soon as practicable regarding such exercise of the Bail-in Tool. The Issuer will also deliver a copy of such notice to the Agents for information purposes.

## FORM OF FINAL TERMS

**[IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation (as defined below). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **EU PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]<sup>1</sup>

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (UK). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]<sup>2</sup>

**EU MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **EU MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

**[UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the [Notes] is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law

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<sup>1</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared in the EEA or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

<sup>2</sup> Legend to be included on the front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]<sup>3</sup>

**[Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the **SFA**), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are ["prescribed capital markets products"/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018)/[●]]<sup>4</sup>

**Final Terms dated [●]**

**Santander Bank Polska S.A.**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the EUR 5,000,000,000 Euro Medium Term Note Programme**

**Legal Entity Identifier (LEI): 259400LGXW3K0GDAG361**

## **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated 7 July 2021 [and the supplement[s] to it dated [●]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) [for the purposes of Regulation (EU) 2017/1129 (the **EU Prospectus Regulation**)]<sup>5</sup>. This document constitutes the Final Terms of the Notes described herein [for the purposes of the EU Prospectus Regulation]<sup>6</sup> and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the websites of the [Irish Stock Exchange plc trading as Euronext Dublin (<https://live.euronext.com/>) [and]]/[Warsaw Stock Exchange (*Gielda Papierów Wartościowych w Warszawie S.A.*) ([www.gpw.pl](http://www.gpw.pl))] and the Issuer (<https://www.santander.pl/en/investor-relations/issuances>).

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]*

1. (i) Series Number: [●]

<sup>3</sup> Legend to be included on front of the Final Terms if one or more of the Managers is a manufacturer in relation to the Notes and is a UK MiFIR regulated entity.

<sup>4</sup> Legend to be included on front of the Final Terms if the Notes will be sold into Singapore.

<sup>5</sup> Delete where the Notes are neither admitted to trading on a regulated market nor offered in the European Economic Area in circumstances where a prospectus is required to be published under EU Prospectus Regulation.

<sup>6</sup> Delete where the Notes are neither admitted to trading on a regulated market nor offered in the European Economic Area in circumstances where a prospectus is required to be published under EU Prospectus Regulation.

- (ii) Tranche Number: [●]
- (iii) Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 2 below [which is expected to occur on or about [●]].
2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount: [●]
- (i) Series: [●]
- (ii) Tranche: [●]
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
5. (i) Specified Denominations: [●][and [●]]
- (An initial minimum denomination of EUR 100,000 or its equivalent in any other currency)*
- (An initial minimum denomination being an equivalent of PLN 400,000 or its equivalent in any other currency but not less than EUR 100,000 for Senior Non Preferred Notes and Tier 2 Subordinated Notes)*
- (ii) Calculation Amount: [●]
6. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
7. Maturity Date: [●]
- (Senior Non-Preferred Notes will have a maturity of not less than one year)*
- (Tier 2 Subordinated Notes will have a maturity of not less than five years)*
8. Interest Basis: [[●] per cent. Fixed Rate]
- [EURIBOR/SOFR/SONIA/WIBOR] +/- [●] per cent. Floating Rate]
- [Fixed Rate Reset Notes]
- [Zero Coupon]

(further particulars specified below)

9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date up to (but excluding) [●] paragraph [14]/[16] applies and for the period from (and including) [●] up to (and including) the Maturity Date paragraph [14]/[16] applies]/[Not Applicable]
11. Put/Call Options: Issuer Call pursuant to Condition 9(b) is [Applicable/Not Applicable] [See paragraph 18 below]
- Investor Put pursuant to Condition 9(g) is [Applicable/Not Applicable] [See paragraph 19 below]
- Issuer Call – Capital Disqualification Event pursuant to Condition 9(c) is [Applicable/Not Applicable]
- Issuer Call – MREL Disqualification Event pursuant to Condition 9(d) is [Applicable/Not Applicable]
- [(further particulars specified below)]
12. Status of the Notes: [Senior Notes/Senior Non Preferred Notes/ Senior Subordinated Notes/Tier 2 Subordinated Notes]
- (a) Events of Default: [Condition 13(a) (Events of Default with respect to Senior Notes) applies]/[Condition 13(b) (No Events of Default for Subordinated Notes, Senior Non Preferred Notes and certain Senior Notes)] applies
13. Date of Management Board approval for issuance of Notes obtained: [●]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date

- (ii) Interest Payment Date(s): [●] in each year up to and including the Maturity Date
- (iii) Fixed Coupon Amount[(s)]: [[●] per Calculation Amount/Not Applicable] *For Notes where the Interest Payment Dates are subject to modification: The amount of interest payable for any Interest Period is to be calculated in accordance with Condition 7 (Floating Rate Note Provisions)]*
- (iv) Broken Amount(s): [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]]/[Not Applicable]
- (v) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis]
- (vi) Determination Date: [●]
15. **Reset Fixed Rate Notes Provisions** [Applicable/Not Applicable]
- (If applicable, Condition 6(e) of the Terms and Conditions of the Notes will apply)*
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Initial Rate of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) First Margin: [+/-][●] per cent. per annum
- (iii) Subsequent Margin: [[+/-][●] per cent. per annum] [Not Applicable]
- (iv) Interest Payment Date(s): [●] in each year [adjusted in accordance with [Business Day Convention]]/[not adjusted] up to and including the Maturity Date
- (v) Fixed Coupon Amount up to (but excluding) the First Reset Date: [●] per Calculation Amount [for the [●] Interest Period] [*repeat information if necessary*]
- (vi) First Reset Date: [●] [adjusted in accordance with [Business Day Convention]]/[not adjusted]
- (vii) Second Reset Date: [●]/[Not Applicable] [adjusted in accordance with [Business Day Convention]]/[not adjusted]
- (viii) Subsequent Reset Date(s): [●] [and [●]] [adjusted in accordance with [Business Day Convention]]/[not adjusted].
- (ix) Relevant Screen Page: [●]

- (x) Mid-Swap Rate: [Single Mid-Swap Rate/Mean Mid-swap Rate]
- (xi) Mid-Swap Maturity: [●]
- (xii) Fixed Leg Swap Duration: [●]
- (xiii) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis]
- (xiv) Determination Dates: [●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*).
- (xv) Reset Business Centre: [●]
- (xvi) Party responsible for calculating the Rate of Interest and/or Interest Amount (if not the Issue and Principal Paying Agent) [●]/[Not Applicable]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- If not applicable, delete the remaining subparagraphs of this paragraph*
- (i) Specified Period: [●]
- (ii) Specified Interest Payment Dates: [●] in each year up to and including the Maturity Date
- (iii) First Interest Payment Date: [●]
- (iv) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention]
- (v) Additional Business Centre(s): [Not Applicable/[●]]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issue and Principal Paying Agent): [[●] shall be the Calculation Agent]
- (viii) Screen Rate Determination:
- Reference Rate: [●][EURIBOR/WIBOR//SONIA/SOFR]
  - Index Determination: [Applicable/Not Applicable]

- SONIA Compounded Index: [Applicable/Not Applicable]
  - SOFR Compounded Index: [Applicable/Not Applicable]
  - Relevant Decimal Place: [●] (*unless otherwise specified in the Final Terms, be the fifth decimal place in the case of the SONIA Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index*)
  - Relevant Number of Index Days: [●] (*unless otherwise specified in the Final Terms, Relevant Number shall be, in the case of the SONIA Compounded Index shall be [five] and in the case of the SOFR Compounded Index shall be [two]*)
  - Interest Determination Date(s): [●]/[●] London Banking Days prior to the end of each Interest Payment Date]
  - "p": [●]
  - Relevant Screen Page: [●]
  - Relevant Time: [●]
  - Relevant Financial Centre: [●]
- (ix) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - ISDA Benchmarks Supplement: [Applicable/Not Applicable]
- (x) Linear Interpolation: Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (xi) Margin(s): [+/-][●] per cent. per annum
- (xii) Minimum Rate of Interest: [●] per cent. per annum
- (xiii) Maximum Rate of Interest: [●] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis]



17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [●] per cent. per annum
  - (ii) Reference Price: [●]
  - (iii) Day Count Fraction in relation to early Redemption Amounts: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis]

**PROVISIONS RELATING TO REDEMPTION**

18. **Call Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call): [[●]/Any date from and including [date] to but excluding [date]]
  - (ii) Optional Redemption Amount(s) (Call) of each Note: [[●] per Calculation Amount/Make Whole Redemption Price] [in the case of the Optional Redemption Date(s) falling [on]]/[in the period from and including [date] to but excluding [date]]
  - [(iii) Make Whole Redemption Price: [Non-Sterling Make Whole Redemption Amount / Sterling Make Whole Redemption Amount/Not Applicable]
- (If not applicable delete the remaining subparagraphs (a) – (c) of this paragraph)*
- [(a) Redemption Margin: [●] per cent.]
  - [(b) Reference Bond: [●]]
  - [(c) Quotation Time: [●]]
  - (iv) If redeemable in part:
    - (a) Minimum Redemption Amount: [●] per Calculation Amount
    - (b) Maximum Redemption Amount: [●] per Calculation Amount
  - (iv) Notice period: [●]

19. **Put Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-*

*paragraphs of this paragraph)*

- (i) Optional Redemption Date(s) (Put): [●]
  - (ii) Optional Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
  - (iii) Notice period: [●]
20. **Capital Disqualification Event in respect of Tier 2 Subordinated Notes**
- (i) Optional Redemption Amount (Capital Disqualification Event): [[●] per Calculation Amount / Condition 9(c) not Applicable]
21. **MREL Disqualification Event** [Applicable/Not Applicable]
- (i) Optional Redemption Amount (MREL Disqualification Event): [[●] per Calculation Amount / Not Applicable]
22. **Final Redemption Amount** [●] per Calculation Amount
23. **Early Termination Amount** [●] per Calculation Amount
24. **Early Redemption Amount (Tax)** [[●] per Calculation Amount / Not Applicable]

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

25. **Form of Notes:** [Bearer Notes:]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- (The exchange upon notice/at any time options should not be expressed to be applicable if the*

*Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.)*

[Registered Notes]

Global Registered Note exchangeable for Individual Note Certificates on [●] days' notice/at any time/in the limited circumstances described in the Global Registered Note

[and

Global Registered Note [(U.S.\$/Euro [●] nominal amount)] registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS)).

26. New Global Note: [Yes] [No]
27. Additional Financial Centre(s) or other special provisions relating to payment date: [Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest end dates, to which sub paragraph 16(v) relates]
28. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
29. Waiver of Set-Off [Applicable/Not Applicable]
30. Substitution and Variation [Applicable/Not Applicable]

Signed on behalf of Santander Bank Polska S.A.:

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** [Application will be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on to trading on the regulated market of the [Irish Stock Exchange plc trading as Euronext Dublin]/[Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*)] with effect from [●]./[Not applicable]

2. **RATINGS** The Notes to be issued [have been/are expected to be] rated/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

Ratings:

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

[●] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the **EU CRA Regulation**). [●] appears on the latest update of the list of registered credit rating agencies (as of [*insert date of most recent list*]) on the ESMA website <http://www.esma.europa.eu>. The rating [●] has given to the Notes is endorsed by [●] which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018. [●] has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 / has not been certified under Regulation (EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. (*Amend as appropriate if there are other interests*)]

#### 4. REASONS FOR THE OFFER AND TOTAL EXPENSES

- (i) Reasons for the offer [●]

*(See "Use of proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

- (ii) Estimate of total expenses related to admission to trading: [●]

*[Include breakdown of expenses]*

#### 5. [Fixed Rate Notes only – YIELD

- Indication of yield: [●] per cent. per annum

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

#### 6. OPERATIONAL INFORMATION

- (i) ISIN: [●]

- (ii) Common Code: [●]

- (iii) CFI Code: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

- (iv) FISN: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

- (v) Delivery Delivery [against/free of] payment

- (vi) Names and addresses of additional Paying Agent(s) (if any): [●]

- (vii) [Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper.] [*include this text for registered*

*notes*]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [[and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

(viii) Relevant Benchmark[s]

[[*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [[*administrator legal name*][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the EU Benchmarks Regulation]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the EU Benchmark Regulation]/ [As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011, as amended apply, such that [*name of administrator*] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)]/ [Not Applicable]

## 7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated: [Not Applicable / *give names, addresses and underwriting commitments*]
  - (a) Names and addresses of Dealers and underwriting [●]

commitments:

*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Dealers.)*

- (b) Date of subscription agreement: [●]
- (c) Stabilising Manager(s) (if any): [Not Applicable/[●]]
- (iii) If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
- (iv) US Selling Restrictions: [Reg. S Compliance Category [1/2]; TEFRA C/TEFRA D / TEFRA not applicable]
- (v) [Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]]
- (If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*
- (vi) [Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]]
- (If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper. In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the Global Registered Note is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Registered Note (each an **Accountholder**) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Registered Note and in relation to all other rights arising under such Global Note or Global Registered Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Registered Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Registered Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Registered Note.

### Conditions applicable to Global Notes

Each Global Note and Global Registered Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Registered Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

*Payment Business Day:* In the case of a Global Note, or a Global Registered Note, shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre.



*Payment Record Date:* Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the **Record Date**) where **Clearing System Business Day** means a day on which each clearing system for which the Global Registered Note is being held is open for business.

*Exercise of Put Option:* In order to exercise the option contained in Condition 9(g) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the holder of a Global Registered Note must, within the period specified in the Conditions for the deposit of the relevant Note give notice of such exercise to the Issue and Principal Paying Agent, in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and/or other relevant clearing system, specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 9(e) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## TAXATION

*The following is a discussion of certain Polish tax considerations relevant to an investor resident in Poland or which is otherwise subject to Polish taxation. This statement should not be understood as tax advice. It is based on Polish tax laws and, as its interpretation refers to the position as at the date of this Base Prospectus, it may thus be subject to change, including with retroactive effect. Any change may negatively affect the tax treatments described below. This description does not purport to be complete regarding all tax information that may be relevant to investors due to their personal circumstances. Prospective purchasers of the Notes are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption and transfer without consideration of the Notes. The information provided below does not cover tax consequences concerning income tax exemptions applicable to specific taxable items or specific taxpayers (eg domestic or foreign investment funds).*

*The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term as understood in Polish tax law.*

### **Taxation of a Polish tax resident private investor (individual)**

Under Art. 3.1 of the Personal Income Tax Act dated 26 July 1991 (the **PIT Act**), individuals, if residing in the Republic of Poland, are liable for tax on their total income (revenue) irrespective of the location of the sources of revenue (unlimited obligation to pay tax).

Under Art. 3.1a of the PIT Act, a Polish tax resident individual is an individual who (i) has his/her centre of personal or business interests located in Poland or (ii) stays in Poland for more than 183 days a year, unless a relevant tax treaty dictates otherwise.

### ***Withholding tax on interest income***

Under Art. 30a.7 of the PIT Act, interest income (discount) does not cumulate with general income subject to the progressive tax rate, but under Art. 30a.1.2 of the PIT Act it is subject to 19 per cent. flat rate tax.

Under Art. 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the 19 per cent. Polish tax on any interest payment.

Under the Art. 41.4d of the PIT Act, entities operating securities accounts for individuals, acting as tax remitters, should withhold this interest income if such interest income (revenue) has been earned in Poland and is connected with securities registered in said accounts, and the interest payment to the individual (the taxpayer) is made through those entities.

There are no regulations defining in which cases income earned (revenue) by a Polish tax resident should be considered income (revenue) earned in Poland. However, we can expect those cases to be analogous to those of non-residents. Pursuant to Art. 3.2b of the PIT Act, income (revenues) earned in the Republic of Poland by non-residents shall include in particular income (revenues) from:

- (a) work performed in the Republic of Poland based on a service relationship, employment relationship, outwork system and co-operative employment relationship irrespective of the place where remuneration is paid;
- (b) activity performed in person in the Republic of Poland irrespective of the place where remuneration is paid;

- (c) economic activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;
- (d) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from disposal of any rights to such property;
- (e) securities and derivatives other than securities, admitted to public trading in the Republic of Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;
- (f) the transfer of ownership of shares in a company, of all rights and obligations in a partnership without a legal personality, or participation in an investment fund, a collective investment undertaking or other legal entity and rights of similar character or from receivables which are a consequence of holding those shares, rights and obligations, participation or rights - if at least 50 per cent. of the value of the assets of this company, partnership, investment fund, collective investment undertaking or legal entity is constituted, directly or indirectly, by immovable properties located in the Republic of Poland, or rights to such immovable properties;
- (g) the transfer of ownership of shares, all rights and obligations, participation or similar rights in a real estate company (as defined in the PIT Act);
- (h) the receivables settled, including receivables put at disposal, paid out or deducted, by individuals, legal entities, or organisational units without a legal personality, that have their place of residence, registered office, or management board in the Republic of Poland, irrespective of the place of concluding and performing the agreement; and
- (i) unrealised gains as referred to in the exit tax regulations.

The above list is not exhaustive; therefore, the tax authorities may also consider income (revenues) not listed above to be sourced in Poland.

Given the above, each situation should be analysed to determine whether interest earned by a Polish tax resident individual from the Notes is considered to be income sourced in Poland and whether the entity operating the securities account for the individual will withhold the tax.

It could be argued that interest from securities admitted to public trading in a country other than Poland (the Notes listed in Ireland) should be considered as income (revenue) not earned in Poland, applying argumentum a contrario to point (e) above; however, the tax authorities would be more likely to consider the interest from the Notes as sourced in Poland, because the Issuer is a Polish company. If this is the case, it should be expected that a Polish entity operating the securities account for the individual will withhold the tax but a non-Polish entity operating the securities account for the individual will not withhold the tax. This is because although this is not clearly regulated in Polish tax law, according to the established practice, foreign entities do not act as Polish withholding tax remitters. Therefore, it should be expected that if a non-Polish entity operates the securities account for the individual it will not withhold the tax. It is not entirely clear whether in such case (i.e. if a payment is made through a foreign entity operating a securities account and not collecting the withholding tax) the Issuer should or should not withhold the tax. According to the general ruling of 5 April 2018 issued by the Minister of Finance in relation to Polish resident individuals who receive interest on covered bonds (Ref.: DD5.8201.07.2018) (the **Ruling**), in cases where the withholding tax is not collected by a foreign entity operating a securities account the issuer should not be obliged to withhold tax. Although the Ruling concerned covered bonds only, there appear to be no reasons why treatment of the Notes should be different. Consequently, following the reasoning used in the Ruling the noteholders should be obliged to settle tax on their own in line with Art. 45.3b of the PIT Act,

which provides that if the tax is not withheld by the tax remitter, the individual is obliged to settle the tax himself/herself. The individuals should settle the tax by 30 April of the following year.

Separate, specific rules apply to interest income on securities held in Polish omnibus accounts (within the meaning of the provisions of the Act on Trading in Financial Instruments dated 29 July 2005 (the **Act on Trading in Financial Instruments**, the **Omnibus Accounts**). Under Art. 41.10 of the PIT Act, as far as securities registered in Omnibus Accounts are concerned, entities operating Omnibus Accounts through which the amounts due are paid are liable to withhold the flat-rate income tax on interest income. The tax is charged on the day of placing the amounts due at the disposal of the Omnibus Account holder.

The above specific withholding tax obligations do not apply to foreign omnibus accounts. Furthermore, according to the established tax practice, only Polish tax resident entities or individuals, or entities acting through a permanent establishment in Poland, are considered remitters of the Polish withholding tax. Consequently, foreign entities that do not operate through a Polish permanent establishment, e.g. foreign investment firms, should not be obliged to withhold the tax.

Additionally, under Art. 30a.2a of the PIT Act, regarding income (revenue) from interest transferred to taxpayers holding rights attached to securities (including the Notes) registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter (under Art. 41.10 of the PIT Act the entity operating the Omnibus Account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder.

Under Art. 45.3c of the PIT Act, taxpayers are obliged to disclose the amount of interest (discount) on securities (including the Notes) in their annual tax return if the Notes were registered in an Omnibus Account and the taxpayer's identity was not revealed to the tax remitter.

Under Art. 30a.9 of the PIT Act, withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

### ***Other income***

Income other than interest derived by a Polish tax resident individual from financial instruments held as non-business assets, including income from transfer of Notes against a consideration, qualify as capital income according to Art. 17 of the PIT Act. This income does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 per cent. flat rate tax. The costs of acquiring the securities are recognised at the time the revenue is achieved.

Based on Art. 17.2 and Art. 19.1 of the PIT Act, if the price expressed in the contract significantly deviates, without a valid reason from the market value, the amount of income is determined by the tax authority or fiscal control authority in the amount of the market value. In principle, the taxpayer should settle this income by 30 April of the year following the year in which the income was earned. No tax or tax advances are withheld by the person making the payments.

### ***Securities held as business assets***

The above provisions do not apply if an individual holds the Notes as business assets. In such case, interest (discount) and income from transfer of Notes against a consideration should be subject to tax in the same way as other business income. The tax, at 19 per cent. flat rate or the 17 per cent. to 32 per cent. progressive tax rate depending on the individual's choice and meeting of certain conditions, should be settled by the individuals themselves.

## **Taxation of a Polish tax resident corporate income taxpayer**

Under Art. 3.1 of the Corporate Income Tax Act dated 15 February 1992 (the **CIT Act**), the entire income of taxpayers who have their registered office or management in Poland is subject to tax in Poland, irrespective of where the income is earned.

A Polish tax resident corporate income taxpayer should be subject to income tax regarding the Notes (both on any capital gains and on interest/discount) following the same principles as those which apply to any other income received from business activity within the same source of income, called capital gains (*zyski kapitałowe*) (Art. 7b.1 of the CIT Act). In the case of insurers, banks and some other entities (financial institutions), this revenue is included in revenues other than revenues from capital gains (Art. 7b.2 of the CIT Act).

As a rule, for Polish income tax purposes interest is recognised as revenue on a cash basis, ie when it is received and not when it has accrued. Regarding capital gains, the cost of acquiring the Notes should be recognised at the time the revenue is achieved. Revenue from a transfer of Notes against a consideration is in principle their value expressed in the price specified in the contract. If the price expressed in the contract significantly deviates, without a valid reason, from the market value, the revenue amount is determined by the tax authority in the amount of the market value (Art. 14 of the CIT Act). In the case of income from the transfer of securities against a consideration, tax deductible costs are generally recognised when the corresponding revenue has been achieved. The taxpayer itself (without the remitter's participation) settles income tax on interest/discount and on the transfer of securities against a consideration, which is settled along with other income from the taxpayer's business activity within the same source of income.

The appropriate tax rate is the same as the tax rate applicable to business activity, i.e. 19 per cent. for a regular corporate income taxpayer or 9 per cent. for small and new taxpayers.

Although no Polish withholding tax should apply on interest payable to Polish corporate income taxpayers, under specific rules applying to interest income on securities held in Omnibus Accounts, under Art. 26.2a of the CIT Act, for income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. The above specific withholding tax obligations do not apply to foreign omnibus accounts. Furthermore, according to the established tax practice, only Polish tax resident entities or individuals, or entities acting through a permanent establishment in Poland, are considered remitters of the Polish withholding tax. Consequently, foreign entities that do not operate through a Polish permanent establishment, e.g. foreign investment firms, should not be obliged to withhold the tax. If such tax is withheld for a Polish tax resident corporate income taxpayer, to receive a refund of such tax, the entity should contact its tax advisor.

Any withholding tax incurred outside Poland (including countries which have not concluded any tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than the tax calculated in accordance with the applicable domestic tax rate, can be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

## **Notes held by a non-Polish tax resident (individual or corporate income taxpayer)**

Under Art. 3.2a of the PIT Act, individuals, if they do not reside in Poland, are liable to pay tax only on income (revenue) earned in Poland (limited obligation to pay tax).

Under Art. 3.2 of the CIT Act, in the case of taxpayers who do not have their registered office or management in Poland, only the income they earn in Poland is subject to tax obligation in Poland.

Non-Polish tax residents are subject to Polish income tax only regarding their income earned in Poland. Under Art. 3.3 of the CIT Act, income (revenues) earned in the Republic of Poland by non-residents shall include in particular income (revenues) from:

- (a) all types of activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;
- (b) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property;
- (c) securities and derivatives other than securities, admitted to public trading in the Republic of Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;
- (d) the transfer of ownership of shares in a company, of all rights and obligations in a partnership without a legal personality, or participation in an investment fund, a collective investment undertaking or other legal entity and rights of similar character or from receivables which are a consequence of holding those shares, rights and obligations, participation or rights, if at least 50 per cent. of the value of assets of this company, partnership, investment fund, collective investment undertaking or legal entity is constituted, directly or indirectly, by immovable properties located in the Republic of Poland, or rights to such immovable properties;
- (e) the transfer of ownership of shares, all rights and obligations, participation or similar rights in a real estate company (as defined in the CIT Act);
- (f) the receivables settled, including receivables put at disposal, paid out or deducted, by individuals, entities, or organisational units without a legal personality, that have their place of residence, registered office, or management board in the Republic of Poland, irrespective of the place of concluding or performing the agreement; and
- (g) unrealised gains referred to in the exit tax chapter.

Similar provisions are included in Art. 3.2b of the PIT Act.

It should be noted that the list of incomes (revenues) gained in Poland, as provided in Art. 3.3. of the CIT Act and Art. 3.2b of the PIT Act, is not exhaustive, therefore other income (revenues) may also be considered as earned in Poland.

It could be argued that interest from securities admitted to public trading in a country other than Poland (the Notes listed in Ireland) should be considered as income (revenue) not earned in Poland, however it is likely that the tax authorities would consider the interest from the Notes as sourced in Poland, because the Issuer is a Polish company.

If the payment is considered as interest sourced in Poland, the following applies:

***Special exemption for notes meeting special conditions***

Under Art. 17.1.50c of the CIT Act, tax-free income is income earned by a CIT taxpayer subject to limited tax liability in Poland in respect of interest or a discount on Notes:

- (a) having a maturity of at least one year;

- (b) admitted to trading on a regulated market or introduced into an alternative trading system within the meaning of the Act of 29 July 2005 on Trading in Financial Instruments, in the territory of Poland or in the territory of a state that is a party to a double tax convention concluded with Poland which regulates the taxation of income from dividends, interest and royalties,

unless the taxpayer is an affiliate, within the meaning of the transfer pricing law, of the issuer of such notes, and holds, directly or indirectly, together with other affiliates within the meaning of those regulations, more than 10 per cent. of the nominal value of those Notes.

Under Art. 26.1aa-1ac of the CIT Act, remitters are not obliged to withhold tax on interest or discount in respect of the notes meeting the above requirements, provided that the issuer submits to the tax authority a declaration that it has acted with due diligence in informing affiliates, within the meaning of the transfer pricing provisions, about the exemption conditions applying to those affiliates. The declaration is made once in relation to a given issue of notes, not later than the date of the payment of interest or discount on the notes.

Analogous provisions apply to personal income tax (Art. 21.1.130c and Art. 41.24-26 of the PIT Act).

#### ***Failure to meet the conditions for a special exemption***

In the absence of the exemption referred to above, the following rules apply.

In the case of taxpayers subject to limited tax liability in Poland and the payer of the interest being a tax remitter under Polish tax regulations, the withholding tax at 20 per cent under Art. 21.1.1 of the CIT Act or at 19 per cent. under Art. 30a.1.2 of the PIT Act should apply. Under Art. 26.1 of the CIT Act, interest payers, other than individuals not acting within the scope of their business activity, should withhold this tax and similar provisions are provided in Art. 41.4 of the PIT Act.

Under Art. 26.2c.1 of the CIT Act, the entities operating securities accounts and Omnibus Accounts for taxpayers, acting as tax remitters, should withhold this interest income if such interest income (revenue) was earned in Poland and is connected with securities registered in said accounts, and the interest payment to the taxpayer is made through said entities. Similar provisions concerning interest payments to individuals are provided in Art. 41.4d of the PIT Act. The above withholding tax obligations do not apply to foreign omnibus accounts. Furthermore, according to the established tax practice, only Polish tax resident entities or individuals, or entities acting through permanent establishment in Poland, are considered remitters of the Polish withholding tax. Consequently, foreign entities that do not operate through a Polish permanent establishment, e.g. foreign investment firms, should not be obliged to withhold the tax.

The described rules of taxation may be modified by the relevant provisions of double tax treaties concluded by Poland, based on which a reduced tax rate or income tax exemption may apply to income (revenue) obtained from interest/discount (Art. 21.2 of the CIT Act, Art. 30a.2 of the PIT Act). To benefit from a tax treaty, a foreign investor should present a relevant certificate of its tax residency. Unless stated otherwise in the tax residency certificate, it is valid for 12 consecutive months from its date of issue.

According to Article 26(1) of the CIT Act and Article 41(4aa) of the PIT Act, when verifying the conditions for the application of a reduced withholding tax rate or for an exemption, or conditions for the non-collection of a withholding tax, arising from special provisions or double taxation conventions, a tax remitter shall be obliged to exercise due diligence. In the assessment whether due diligence has been exercised, the character and the scale of the tax remitter's activity shall be taken into account. In principal due diligence includes verification of a foreign investor's beneficial owner status.

Additionally, many tax treaties provide protection only for beneficial owners. Pursuant to Art. 4a.29 of the CIT Act, and, respectively, Art. 5a.33d of the PIT Act, beneficial owner means an entity meeting all of the following conditions:

- (a) it receives the amount due for its own benefit, which includes deciding independently about its purpose, and bears the economic risk associated with the loss of that receivable or part of it;
- (b) it is not an intermediary, representative, trustee, or another entity legally or actually obliged to transfer the receivable in whole or in part to another entity; and
- (c) it conducts real business activity in the country of its registration, if the receivables are obtained in connection with the conducted business activity.

The majority of double tax treaties concluded by Poland provide for an exemption from income tax on capital gains, including income from the sale of notes obtained in Poland by a tax resident of a given country.

Separate, specific rules apply to interest income on securities held in Omnibus Accounts. Furthermore, in cases where Polish withholding tax should not apply on interest payable to non-Polish tax residents (individuals or corporate income taxpayers), under specific rules applicable to interest income on securities held in Omnibus Accounts there is a risk that such tax would be withheld. Under Art. 26.2a of the CIT Act, regarding income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. Under Art. 30a.2a of the PIT Act, regarding income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. The above specific withholding tax obligations do not apply to foreign omnibus accounts. Furthermore, according to the established tax practice, only Polish tax resident entities or individuals, or entities acting through a permanent establishment in Poland, are considered remitters of the Polish withholding tax. Consequently, foreign entities that do not operate through a Polish permanent establishment, e.g. foreign investment firms, should not be obliged to withhold the tax. If such tax is withheld for non-Polish tax resident taxpayers, to receive a refund of that tax, the entity should contact its tax advisor.

If a foreign recipient of income acts through a permanent establishment in Poland to which interest is related, as a matter of principle it should be treated in the same manner as a Polish tax resident, with some necessary additional requirements (e.g. the requirement to present the interest payer with a certificate of tax residence along with a declaration that the interest is related to the establishment's activities).

### ***Special provisions on withholding tax on large payments***

In addition to the rules set out above, in the event of failure to meet the conditions for a special exemption, the following regime applies.

#### *Corporate income tax*

Under Art. 26.2e of the CIT Act, if the total amount paid out on account of the items listed in Art. 21.1 of the CIT Act (including interest/discount on notes) and Art. 22.1 of the CIT Act to the same



taxpayer exceeds PLN 2,000,000 in the tax year of the payer, payers are, as a general rule, required to withhold, on the day of payment, a flat-rate income tax at the basic rate (20 per cent. in the case of interest/discount on notes) from the excess over that amount, without being able not to withhold that tax on the basis of an appropriate double tax treaty, and also without taking into account exemptions or rates resulting from special regulations or double tax treaties (hereinafter, the **Obligation to Withhold Tax**).

Under Art. 26.2i and 26.2j of the CIT Act, if the payer's tax year is longer or shorter than 12 months, the amount to which the Obligation to Withhold Tax applies is calculated by multiplying 1/12 of PLN 2,000,000 and the number of months that lapsed in the tax year in which the payment was made; if the calculation of that amount is not possible by reference to the payer's tax year, the Obligation to Withhold Tax shall apply accordingly to the payer's current financial year and, in its absence, with respect to the payer's other period with features specific to the financial year, not longer however than 23 consecutive months.

Under Art. 26.2k of the CIT Act, if the payment was made in a foreign currency, to determine whether the amount to which the Obligation to Withhold Tax applies was exceeded, the amounts paid are converted into PLN at the average exchange rate published by the National Bank of Poland on the last business day preceding the payment day.

Under Art. 26.2l of the CIT Act, if it is not possible to determine the amount paid to the same taxpayer, it is presumed that it exceeded the amount from which the Obligation to Withhold Tax applies.

Under Art. 26.7a of the CIT Act, the Obligation to Withhold Tax does not apply if the payer has declared that:

- (a) it holds the documents required by the tax law for the application of the tax rate or tax exemption or non-taxation under special regulations or double tax treaties;
- (b) after the verification of the conditions to apply an exemption or reduced withholding tax rate resulting from special regulations or double tax treaties, it is not aware of any grounds for the assumption that there are circumstances that exclude the possibility of applying the tax rate or tax exemption or non-taxation under special regulations or double tax treaties, in particular it is not aware of the existence of circumstances preventing the fulfilment of certain conditions referred to in other regulations, including the fact that the interest/discount recipient is their beneficial owner and, if the interest/discount is obtained in connection with the business activity conducted by the taxpayer, that in the country of tax residence the taxpayer carries on the actual business activity.

The above is to be declared by the head of the unit within the meaning of the Accounting Act (e.g. the Issuer's management board), specifying his/her position. The declaration cannot be made by proxy. The declaration is to be made by in electronic form not later than the payment day (Art. 26.7b and 26.7c of the CIT Act).

In the case of withholding tax as a result of the Obligation to Withhold Tax, if double tax treaties or special regulations provide for a tax exemption or reduced tax rate, the taxpayer or tax remitter (if the taxpayer has paid tax with its own funds and has borne the economic burden of such tax, e.g. as a result of a gross-up clause) may apply for a refund of that tax by submitting the relevant documents and declarations. When recognizing that the refund is justified, the tax authorities shall carry it out within six months.

Pursuant to the Regulation of the Minister of Finance dated 31 December 2018 regarding the exclusion or limited application of Art. 26.2e of the CIT Act (the **Regulation**), the application of the

Obligation to Withhold Tax is excluded, *inter alia*, in relation to the following interest/discount payments:

- (a) to central banks not having their registered office or management in the territory of the Republic of Poland, obtained from interest or discount on treasury bonds issued by the State Treasury on the domestic market and acquired from 7 November 2015;
- (b) to economic units established by a state administration body jointly with other States under an agreement or contract, unless those agreements or contracts provide otherwise;
- (c) to international organisations of which the Republic of Poland is a member;
- (d) to entities with which the Republic of Poland has concluded cooperation agreements, if they have been exempted from corporate income tax on the receivables in question; and
- (e) to entities exempt from corporate income tax, provided that their name is indicated in double tax treaties to which the Republic of Poland is a party.

In addition, until 30 June 2021, the Obligation to Withhold Tax is excluded in respect of interest/discount on notes for taxpayers having their registered office or management in the territory of a state being a party to a double tax treaty with the Republic of Poland which regulates the taxation of income from dividends, interest and royalties, if there is a legal basis for exchanging tax information with the state of the taxpayer's registered office or management.

It should be noted that payments made in 2021, but before 30 June 2021, that are excluded from the Obligation to Withhold Tax under the Regulation, will be included in the above-mentioned limit to which the Obligation to Withhold Tax applies, in relation to payments made after 30 June 2021.

The Obligation to Withhold Tax does not apply in the case of the special exemption applicable to Notes meeting certain conditions referred to in the section "*Special exemption for notes meeting special conditions* above", provided that the Issuer submits to the tax authority a declaration that the Issuer has observed due diligence in informing its affiliates, within the meaning of the provisions on transfer pricing, about the terms of that exemption in relation to those affiliates. The declaration is made once in relation to a given issue of Notes, by no later than the date of the payment of interest or discount on the Notes.

#### *Personal income tax*

Analogous provisions apply to personal income tax, including Art. 41.12 of the PIT Act which provides for an analogous tax withholding obligation, while the Regulation of the Minister of Finance of 31 December 2018 (as amended) regarding the exclusion or limited application of Art. 41.12 of the PIT Act is the equivalent of the Regulation.

#### **Tax on civil law transactions**

Neither an issuance of Notes nor redemption of Notes is subject to the tax on civil law transactions (PCC).

Under Art. 1.1.1.a of the Tax on Civil Law Transactions Act dated 9 September 2000 (the **PCC Act**), agreements for the sale or exchange of assets or proprietary rights are subject to tax on civil law transactions. The Notes should be considered as representing proprietary rights. Transactions are taxable if their subjects are:

- (a) assets located in Poland or proprietary rights exercisable in Poland;

- (b) assets located abroad or proprietary rights exercisable abroad if the acquirer's place of residence or registered office is located in Poland and the civil law transaction was carried out in Poland.

Although this is not clearly addressed in law, in principle the Notes should be considered as rights exercisable in Poland.

PCC on the sale of the Notes (which, as a rule, are considered to be rights) is 1 per cent. of their market value and is payable by the purchaser within 14 days after the sale agreement is entered into. If the exchange agreement is concluded, the tax is payable jointly and severally by both parties to the agreement. However, if such agreement has been entered into in notarial form, the tax due should be withheld and paid by the notary public.

However, under Art. 9.9 of the PCC Act, a PCC exemption applies to the sale of property rights being financial instruments (including the Notes):

- (a) to investment firms or foreign investment firms;
- (b) with the intermediation of investment firms or foreign investment firms;
- (c) through organised trading; or
- (d) outside organised trading by investment firms or foreign investment firms if the proprietary rights were acquired by those firms through organised trading (within the meaning of the provisions of the Act on Trading in Financial Instruments).

Moreover, in accordance with Art. 1a.5 and 1a.7 in connection with Art. 2.4 of the PCC Act, the PCC exemption applies to sale or exchange agreements concerning Notes:

- (a) to the extent that they are taxed with the VAT in Poland or in another EU Member State or EEA; or
- (b) when at least one of the parties to the transaction is exempt from VAT in Poland or in another EU Member State or EEA on account of that particular transaction.

### **Remitter's liability**

Under Art. 30 of the Tax Code dated 29 August 1997, a tax remitter failing to fulfil its duty to calculate, withhold or pay tax to a relevant tax authority is liable for the tax that has not been withheld or that has been withheld but not paid, up to the value of all its assets. The tax remitter is not liable if specific provisions provide otherwise or if tax has not been withheld due to the taxpayer's fault. In such case, the relevant tax authority will issue a decision concerning the taxpayer's liability.

### **FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Poland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions

and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are published generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*Terms and Conditions of the Notes — Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banco Santander, S.A. and any other dealer appointed from time to time (the **Dealers**). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 7 July 2021 (the **Dealer Agreement**) and made between the Issuer and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilising Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations promulgated thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### ***Prohibition of sales to EEA Retail Investors***

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Programme Circular as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II;
  - (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the EU Prospectus Regulation; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Programme Circular as completed by the final terms in relation thereto to the public in that Member State, except that it may make an offer of such Notes to the public in that Member State:

- (A) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (B) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (C) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in sub-paragraphs (A) to (C) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## United Kingdom

### *Prohibition of sales to UK Retail Investors*

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Programme Circular as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA;
  - (ii) (a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", in relation to the UK, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Programme Circular as completed by the final terms in relation thereto to the public in the UK, except that it may make an offer of such Notes to the public in the UK:

- (A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (C) at any time in any other circumstances falling within section 86 of the FSMA.

For the purposes of this provision the expression an "offer of Notes to the public" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## Other regulatory restrictions

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Poland

Unless the Base Prospectus for the Notes has been approved by either the Polish competent authority for the approval of prospectuses for the public offering of securities in Poland or the admission of securities to trading on a regulated market in Poland or the relevant competent authority in an EU member state, and Poland has received a certificate of such approval with a copy of the Base Prospectus as required under the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005, as further amended (the **Act on Public Offering**), the Notes may be offered in Poland in a manner which will not require publication of a prospectus or an information memorandum drawn up in accordance with the Act on Public Offering.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the **Financial Instruments and Exchange Act**). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an



exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused any Notes to be made the subject of an invitation for subscription or purchase and it will not offer or sell any Notes or cause any Notes to be made the subject of an invitation for subscription or purchase, and it has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (as amended, the SFA)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivative contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investment) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

## **General**

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that, to the best of its knowledge, it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or

from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme was authorised by the resolution of the Management Board of the Issuer passed on 30 May 2018. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

### Significant/material change

Except for the consequences of the outbreak of COVID-19, described in more detail under the heading "*COVID-19 outbreak could have a material adverse effect on the Group's business, results of operations and financial position*" on page 16 of this Base Prospectus, there has been no material adverse change in the prospects of the Issuer since 31 December 2020 nor any significant change in the financial or trading position of the Issuer and its subsidiaries since 31 March 2021.

### Auditors

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k., with its registered office in Warsaw at ul. Polna 11, 00-633 Warsaw, Poland, audited the consolidated financial statements of the Group for the years ended 31 December 2020 and 31 December 2019 and issued unqualified auditor's opinions on the aforementioned financial statements. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. audited the standalone financial statements of the Issuer for the years ended 31 December 2020 and 31 December 2019 and, issued unqualified opinions on the aforementioned financial statements. The standalone financial statements of the Bank audited by PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. are not incorporated into this Base Prospectus by reference.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. is registered in the register of auditors held by the Polish Chamber of Statutory Auditors (*Polska Izba Biegłych Rewidentów*) under no. 144. On behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k., the consolidated financial statements of the Group for the years ended 31 December 2020 and 31 December 2019 were audited by Agnieszka Accordi (certified auditor, licence No. 11665).

### Documents on display

Copies of the following documents (together with English translations where the original documents are not in English) may be inspected during normal business hours at the offices of Principal Paying Agent for 12 months from the date of this Base Prospectus and on the Issuer's website: <https://www.santander.pl/en/investor-relations/issuances>

- (a) a copy of this Base Prospectus along with any supplement to this Base Prospectus;
- (b) the Articles of Association (*Statut*) of the Issuer;

- (c) the audited consolidated financial statements of the Group for the years ended 31 December 2019 and 31 December 2020;
- (d) the auditors' reports in respect of the audited consolidated financial statements of the Group for the years ended 31 December 2019 and 31 December 2020;
- (e) the Agency Agreement; and
- (f) the Dealer Agreement.

### **Material contracts**

There are no contracts having been entered into outside the ordinary course of any of the Issuer's or any of its subsidiaries' businesses, which are, or may be, material and contain provisions under which the Issuer or any of its subsidiaries has an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Notes.

### **Clearing of the Notes**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number (**ISIN**), Financial Instrument Short Name (**FISN**) and Classification of Financial Instruments (**CFI**) code (as applicable) in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

### **Issue price and yield**

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

### **Credit Ratings**

In accordance with Fitch's ratings definitions available as at the date of this Base Prospectus on Fitch's website, a long-term rating of "BBB" indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

In accordance with Moody's ratings definitions available as at the date of this Base Prospectus on Moody's website, a senior unsecured rating of "A" indicates obligations that are judged to be upper-medium grade and are subject to low credit risk.

**The Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is 259400LGXW3K0GDAG361.

**Listing Agent**

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Regulated Market of Euronext Dublin.

## REGISTERED OFFICE OF THE ISSUER

### **Santander Bank Polska S.A.**

al. Jana Pawła II 17  
00-854 Warsaw  
Poland

## ARRANGER

### **Banco Santander, S.A.**

Ciudad Grupo Santander  
Avenida de Cantabria s/n  
Edificio Encinar, planta baja,  
28660, Boadilla del Monte,  
Madrid,  
Spain

## ISSUE AND PRINCIPAL PAYING AGENT

### **The Bank of New York Mellon, London Branch**

One Canada Square  
London E14 5AL  
United Kingdom

## REGISTRAR AND TRANSFER AGENT

### **The Bank of New York Mellon SA/NV, Luxembourg Branch**

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2-4 rue Eugène Ruppert  
L-2453 Luxembourg

## LEGAL ADVISERS

*To the Issuer as to English law:*

### **Allen & Overy LLP**

One Bishops Square  
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United Kingdom

*To the Issuer as to Polish law:*

### **Allen & Overy, A. Pędzich sp. k.**

ul. Grzybowska 56  
00-844 Warsaw  
Poland

*To the Arranger and Dealers as to English law:*

### **Clifford Chance LLP**

10 Upper Bank Street  
London E14 5JJ  
United Kingdom

*To the Arranger and Dealers as to Polish law:*

### **Clifford Chance**

**Janicka, Krużewski, Namiotkiewicz i  
wspólnicy Sp.k.**  
Norway House  
Ul. Lwowska 19  
00-660 Warsaw  
Poland

## AUDITORS TO THE ISSUER

### **PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.**

ul. Polna 11  
00-633 Warsaw  
Poland

## LISTING AGENT(S)

### **Arthur Cox Listing Services Limited**

Ten Earlsfort Terrace  
Dublin  
Ireland