

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 (in Polish: *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+ (negative) 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/firms/credit-rating-agencies>. 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 Bearer Notes) 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 5 October 2023.

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 Bearer Notes 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 EU 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; or (iii) not a qualified investor as defined in Article 2 of the EU Prospectus Regulation. 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 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.

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 Benchmarks Regulation. The registration status of any administrator under the EU Benchmarks 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 2001 (2020 Revised Edition) of Singapore, as amended or modified from time to time

In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) 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. 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 Bank Recovery and Resolution Directive implemented 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 Złoty.

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 Stabilisation 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 Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation 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.

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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.

Issuer:	Santander Bank Polska S.A., a joint-stock company incorporated under the laws of the Republic of Poland
Issuer Legal Entity Identifier:	259400LGXW3K0GDAG361
Risk Factors:	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 "Risk Factors" below.
Arranger:	Banco Santander, S.A.
Dealers:	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.
Issuing and Principal Paying Agent:	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent:	The Bank of New York Mellon SA/NV, Luxembourg Branch
Final Terms or Drawdown Prospectus:	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.
Listing and Admission to Trading:	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.
Clearing Systems:	Euroclear Bank SA/NV (Euroclear) and/or Clearstream Banking, S.A. (Clearstream, Luxembourg and together with Euroclear, the ICSDs) 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 depositary; 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 a particular Reference Rate (other than SOFR) where any Rate of

Interest (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 Rate of Interest (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 7.8 (*Benchmark Discontinuation*).

In the event that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in relation to U.S. dollar Floating Rate Notes referencing Compounded SOFR (or, as the case may be, its Benchmark Replacement) where the Rate of Interest (or the relevant component part thereof) remains to be determined by reference to Compounded SOFR (or, as the case may be, its Benchmark Replacement), the Benchmark Replacement (as defined in Condition 7B (*Interest – Floating Rate Notes referencing SOFR*)) will replace the then-current Benchmark, as further described in Condition 7B (*Interest – Floating Rate Notes referencing SOFR*).

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: Holders 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 (<i>Events of Default</i>).
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 (<i>Payments - Bearer Notes</i>), Condition 11 (<i>Payments - Registered Notes</i>) and Condition 12 (<i>Taxation</i>)) 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 (<i>Status</i>), Condition 25 (<i>Agreement and Acknowledgment with Respect to the Exercise of Bail-in Tool</i>) and Condition 26 (<i>Recognition of Stay Powers</i>) are governed by Polish law.
Ratings:	<p>As of the date of this Base Prospectus, the Issuer has been assigned a rating of BBB+ (negative) 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.</p> <p>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.</p> <p>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.</p>
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 and Singapore see " <i>Subscription and Sale</i> " 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 (<i>Agreement and Acknowledgment with Respect to the Exercise of Bail-in Tool</i>).

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.

On 24 February 2022 Russia invaded Ukraine and launched a full scale military attack against Ukraine. As of the date of this Base Prospectus Russia is occupying several regions in Ukraine and military operations continue to be conducted in the territory of Ukraine. It is not possible to predict when the war will finish and what will be the result of the war. The war caused increased market volatility and has had and continues to have a negative effect on the Polish economy. In particular, disruptions to the supply of commodities and fuel led to a significant increase in inflation which in February 2023 reached 18.4 per cent. year-on-year, the highest level in Poland since 1996. High inflation and economic uncertainty has led to a decrease in consumer consumption and demand for loans. Although the inflation has decreased to 8.2 per cent. year-on-year in September 2023, it is still much higher than the inflation target set by the National Bank of Poland (the **NBP**), which is 2.5 per cent. and it is not possible to estimate if and when the inflation will decrease to the target level. Sustained high inflation may have a negative effect on the financial standing of the Group's customers, in particular the individuals. The Group's customers may not be able to satisfy their obligations towards the Group which, in turn, may negatively affect the Group's financial condition and its ability to perform its obligations under the Notes. More challenging macroeconomic conditions may also lead to a decreased customer demand

for the Group's products and services. Some of the Group's customers may also experience difficulties in performing their obligations under loans granted by the Group which could cause an increase in the Group's expected credit losses.

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.

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. As at 31 December 2022 The Bank has a significant portfolio of outstanding CHF Mortgage Loans, for a description of this portfolio, disputes concerning this portfolio and certain related legal developments in Poland see: *Description of the Group – Litigation – Disputes relating to CHF Mortgage Loans*.

The Group has already created significant provisions to cover the risk associated with the CHF Mortgage Loans and it cannot exclude the possibility that additional provisions may be required in the future. The provisions have had and will continue to have a material negative effect on the Group's profitability.

Claims of borrowers under loans with interest rates based on WIBOR may affect the Group's financial performance

The Polish Monetary Policy Council (in Polish: *Rada Polityki Pieniężnej*, the **MPC**) which is responsible for setting the reference rates in Poland increased the main Polish reference rate in the period from October 2021 to September 2022 from 0.10 per cent. to 6.75 per cent. Although as of the date of this Base Prospectus the main reference rate is 5.75 per cent., the increase in the reference rates led to an increase of the Warsaw Interbank Offered Rate (**WIBOR**), a benchmark which is the basis for determining the interest rate for the majority of floating rate loans denominated in PLN, including outstanding loans granted by the Bank. There is speculation in the media that this may cause the borrowers under such loans to try to challenge the loans in courts by requesting the courts to invalidate the loan agreements in whole or only in relation to the provisions concerning the calculation of interest. As of the date of this Base Prospectus, the Bank received several claims from its clients challenging loans referencing WIBOR. As of the date of this Base Prospectus, there has been no final court decision resolving a dispute concerning calculation of interest under a loan with an interest rate based on

WIBOR. If Polish courts in the future determine that loan agreements referencing WIBOR have legal defects, a large number of borrowers under such loans may decide to challenge them in courts. If the results of the majority of the lawsuits are unfavourable for the Bank, the Group's financial condition may materially deteriorate.

The reform of benchmarks may have an adverse effect on the Group's financial performance.

Under the EU Benchmarks Regulation, supervised entities other than an administrator that use a benchmark must produce and maintain robust written plans setting out the actions they would take in the event that a benchmark materially changes or ceases to be provided. Where feasible and appropriate, such plans shall nominate one or several alternative benchmarks that could be referenced to substitute for the benchmarks no longer provided, indicating why such benchmarks would be suitable alternatives. The supervised entities must, on request, provide the relevant competent authority with those plans and any updates and shall reflect them in the contractual relationship with clients.

The Bank has a significant portfolio of mortgage loans in PLN where the interest rate is a floating rate being the sum of WIBOR benchmark and applicable margin, WIBOR may change over time depending on the current quotations on the market and liquidity needs.

In July 2022, the national working group for the reform of benchmarks (the **Working Group**) was established to determine the benchmark that will replace WIBOR. The Working Group is composed of the representatives of the Ministry of Finance, the NBP, the KNF and the largest Polish financial institutions. On 27 September 2022 the Working Group announced a roadmap for phasing out WIBOR and replacing it with a new benchmark, Warsaw Interest Rate Overnight (**WIRON**). Under the roadmap, financial products based on WIRON will be introduced in 2023 and WIBOR will be withdrawn in 2025. The introduction of WIRON is pending and the Group is analysing how replacing WIBOR with WIRON may affect the Group. As of the date of this Base Prospectus the Group is not able to assess the exact impact of replacing WIBOR with WIRON on its financial performance. However, the Group cannot exclude that replacing WIBOR with a new benchmark may lead to an increase in the Group's financing costs or a decrease in the Group's interest income. The process of WIBOR transition may also result in significant administrative and compliance costs to the Group.

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 factor *Claims of borrowers under mortgage loans denominated in CHF or indexed to CHF may 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 MPC, the level of inflation, and changes in interest rates (WIBOR and EURIBOR) 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.

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 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, e.g. 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.

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 (in Polish: *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.

Material increases in the Group's expected credit losses 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 income statement 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. 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 2022, the number of debt instruments issued by the State Treasury and the National Bank of Poland in the Group's debt securities portfolio in investment and trading securities decreased compared to 31 December 2021. 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. Additionally, the monetary policy tightening cycle started by the NBP in 2021 and continued in 2022 (by increasing the level of interest rates) resulted in a further increase in the yield of the debt securities portfolio and, consequently, a decrease in the valuation of those securities in recent quarters.

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.

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 2022, gross housing and mortgage loans to individuals (retail mortgage loans) constituted a material part (65 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 Santander Consumer Bank S.A. (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 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 Bank is subject to environmental, social and governance risks that could adversely affect its reputation, business, financial condition, results of operations and/or prospects

Regulators, investors and other market participants have been increasingly focusing on environmental, social and governance (ESG) risks, in particular climate-related risks. The Bank is subject to such risks mainly through its credit portfolio and investments. For example, the Bank considers two climate-specific risks in its credit risk management – transition risk and physical risk. Transition risk refers to the financial risk that may arise from the transition to a lower-carbon society. This entails the effects on its customers' business models from disruptive events such as changes in climate policy, regulation, technology or market sentiment. Depending on the nature, speed and focus of such changes, transition risk may pose varying degrees of risk to companies. In general, sectors that rely on fossil fuels or are energy-intensive are expected to be affected first and most by transition risk. Physical risk arises from increased severity and frequency of climate and extreme weather-related events such as droughts, floods, storms and sea-level rise. Physical risk can also be more gradual, arising from longer-term chronic shifts in climate patterns. The impact can be direct (e.g. through damage to property) or indirect as a result of subsequent events such as the disruption of global supply chains.

In recognition of such risks, the Bank has implemented or is in the process of implementing a number of actions, including integrating ESG risks into its credit analysis and customer selection processes, enhancing sustainability policies and governance, and introducing various targets to reduce its fossil fuel exposure and to increase sustainable lending and investment activity. However, the Bank cannot guarantee that these actions will be effective in mitigating the relevant risks, nor can it make any assurances that its regulators, investors or other market participants will find its efforts to be sufficient. For example, the Bank may be required to terminate certain existing customer relationships as a result of potential exposure to ESG risks or may be subject to reputational damage if its measures are deemed to be insufficient. In addition, the increased focus on ESG matters may subject the Bank to increased regulatory scrutiny, new disclosure requirements or other additional costs, which could have a material adverse effect on the Bank's business, financial condition, results of operations and/or prospects.

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.

Risks related to legal and regulatory environment

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 Banking Authority, the European Central Bank (the **ECB**) or other bodies of the European Union, the recommendations of the KNF and new or updated 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, and could 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.

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.

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 with further amendments 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 applicable to the Bank are described in *Description of the Group – Capital management*. 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 standalone 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.

A breach of existing laws relating to minimum capital adequacy ratios or the Group's minimum requirement for own funds and eligible liabilities (**MREL**) 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 may, consequently, it may have an adverse effect on the business, financial condition and results of the Group's operations. The Group may also be subject to restrictions on its ability to pay discretionary distributions to holders of Tier 1 capital which may have an adverse effect on the Group's ability to raise capital or funding to support its operations.

The Bank Recovery and Resolution Directive implemented 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.

Under the BRRD, the 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 in reverse order to the order in which claims are settled in bankruptcy proceedings so that equity absorbs the losses in full before any debt claim is subject to write-down.

Under 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 to reach a target funding level of at least 1 per cent. 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.

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

Under the provisions of the Act on the Bank Guarantee Fund, the Bank and SCB are members of a mandatory guarantee scheme and is obliged to contribute to a deposit guarantee fund and a resolution fund. The Bank is also a founding member of the voluntary institutional protection scheme set up by eight Polish commercial banks.

Since 2017, the amount of contributions to the bank guarantee fund and the resolution fund is calculated by the Bank Guarantee Fund (the **BGF**) individually for each bank. Contributions to the deposit guarantee fund are paid quarterly. The basis for calculating contributions for a given quarter is the value of the covered deposits in a bank, at the end of the quarter immediately preceding the quarter to which the contribution relates. Contributions to the banks' resolution funds 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 and the institution's risk profile, taking into account the risk assessment in the areas of risk exposure, stability and diversity of funding sources, importance of the institution to the stability of the financial system or the economy, and additional indicators defined at the national level.

For the year ended 31 December 2022 the value of the Group's BGF contribution for both funds amounted to PLN 264.6 million, compared to PLN 262.6 million in 2021.

Due to the relatively large scale of the Bank's operations, if a member of the mandatory guarantee scheme were to declare bankruptcy, the Bank may be obliged 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 June 2023 to July 2023.

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 (other than Tier 2 Subordinated 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 (in the case of Senior Non Preferred Notes, Senior Subordinated Notes and Tier 2 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, provided that the Issuer may only redeem such Notes if it has delivered (i) a certificate signed by two members of its Management Board; (ii) an opinion of independent legal advisers; and (iii) in the case of 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, confirmation of the Regulator's and/or Relevant Resolution Authority's consent to the redemption is received, as further described in Condition 9.2 (*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, the law of any other relevant jurisdiction or Applicable Banking Regulations 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 9.3 (*Early Redemption due to Capital Disqualification Event*).

If a MREL Disqualification Event has been specified as applicable in the applicable Final Terms, and a MREL Disqualification Event occurs and is continuing, the Senior Subordinated Notes, Senior Non Preferred Notes and Senior Notes eligible to comply with Applicable MREL Regulations 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 such permission is required), as further described in Condition 9.4 (*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 instruments 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 (including any applicable buffers) required under the CRR by a margin that the Regulator may consider necessary on the basis set out in the CRR.

Where the Issuer has the right to redeem Notes, it may be more likely to do so when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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.

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 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);
- 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; and
- stay powers – the power of resolution authorities to suspend or restrict rights or obligations.

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; and (c) if applicable, the exercise of any stay powers of the relevant resolution authority to suspend or restrict rights and obligations. 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.

While the BRRD provides for compensation to be paid to certain creditors (which may in certain cases be given in the form of equity shares) who receive less in a resolution of a relevant entity than they would have received had that entity been allowed to enter into normal insolvency proceedings (known as the "no creditor worse off" or "NCWO" protection), there can be no guarantee that any Noteholder will be eligible to receive compensation for any losses in respect of their Notes, or that any compensation received will cover their losses on their Notes in full. and there can be no assurance that any such Noteholder would recover such compensation promptly. However, this "no creditor worse off" protection may not apply in relation to an application of the write-down and conversion power in circumstances where the resolution tools and powers under BRRD are not also exercised. The exercise of such mandatory write-down and conversion powers under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of holders of debt securities issued by the Issuer, the price or value of their investment and/or the ability of the Issuer to satisfy its obligations under such debt securities.

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 Senior Notes eligible to comply with Applicable MREL Regulations (as specified in the Applicable Final Terms) 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. Noteholders will not have any right to petition for the bankruptcy or liquidation of the Issuer under Polish law as only the KNF and the BGF are authorised to file an insolvency application covering a Polish bank.

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.

The Issuer's gross-up obligation under certain of the Notes is limited

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of each Series of (i) Senior Notes eligible to comply with MREL Requirements, (ii) Senior Non Preferred Notes, (iii) Senior Subordinated Notes or (iv) Tier 2 Subordinated Notes applies only to payments of interest due and paid under such Notes and not to payments of principal (which term, for these purposes, includes any premium, final redemption amount, early redemption amount, optional redemption amount and any other amount (other than interest) which may from time to time be payable in respect of such Notes). As such, the Issuer would not be required to pay any additional amounts under the terms of any Series of (i) Senior Notes eligible to comply with MREL Requirements, (ii) Senior Non Preferred Notes, (iii) Senior Subordinated Notes or (iv) Tier 2 Subordinated Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under any Series of such Notes, holders of such Notes would, upon repayment or redemption of such Notes, be entitled to receive only the net amount of such redemption or repayment proceeds after deduction of the amount required to be withheld. Therefore, holders may receive less than the full amount due under such Notes, and the market value of such Notes may be adversely affected as a result.

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, 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 9.2 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 the Noteholders of such Notes, 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, or implementing the relevant subscription or variation, 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.

Certain benchmark rates, including EURIBOR and WIBOR, may be discontinued or reformed in the future

The EURIBOR, WIBOR and other interest rates or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the **UK Benchmarks Regulation**) applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR, WIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, 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. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the discontinuance or unavailability of quotes of certain benchmarks.

As an example of such benchmark reforms, on 21 September 2017, the ECB announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate (**€STR**) as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

Another example of such benchmark reforms is the approaching transition from WIBOR to WIRON. In July 2022, the Working Group was established to determine the benchmark that will replace WIBOR. The Working Group is composed of the representatives of the Ministry of Finance, the NBP, the KNF and the largest Polish financial institutions. On 27 September 2022 the Working Group announced a roadmap for phasing out WIBOR and replacing it with a new benchmark, WIRON. Under the roadmap, financial products based on WIRON will be introduced in 2023 and WIBOR will be withdrawn in 2025. As the roadmap is solely a non-binding step plan, the actual milestones may occur on different dates depending on market readiness and the actual progress of the work. Therefore, it remains uncertain as to how long WIBOR will continue in its current form.

The elimination of EURIBOR, WIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7.8 (Benchmark Discontinuation)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR, WIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR or WIBOR, (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable, or a Benchmark Event or a Benchmark Transition Event (each as defined in the Terms and Conditions of the Notes), as applicable, otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to any Successor Rate or Alternative Rate and that such Successor Rate or Alternative Rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to put the Issuer and the Holders in substantially the same economic position as prior to the occurrence of the Benchmark Event, although the application of such adjustments to the Notes may not achieve this objective. 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 for the purposes of calculation of the rate 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 Terms and Conditions of the Notes) in certain circumstances, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and the UK Benchmarks Regulation reforms or arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

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

The use of risk-free rates including those such as the Sterling Overnight Index Average (SONIA) and the Secured Overnight Financing Rate (SOFR) as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market

infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Terms and Conditions and used in relation to Notes that reference risk-free rates issued under this Programme. The Issuer may in the future also issue Notes referencing SONIA, or SOFR that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

In particular, investors should be aware that several different methodologies (including "shift", "lag", and "lock-out" methodologies) have been used in risk-free rate notes issued to date. No assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates.

If the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing indices that are more widely used. The nascent development of overnight rates as interest reference rates for the bond markets and the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise adversely affect the market price of any such Notes issued under the Programme from time to time.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA or SOFR.

Risk-free rates may differ from interbank offered rates in a number of material respects and have a limited history

Risk-free rates may differ from interbank offered rates in a number of material respects. These include (without limitation) being backwards-looking, in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates 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 an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation

to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates reliably to estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking rates become due and payable as a result of an Event of Default under Condition 13 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

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 or the Federal Reserve, Bank of New York (or their successors) as administrators of SONIA and SOFR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SONIA or SOFR, or timing related to the publication of SONIA or SOFR. 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 Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

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 depositary 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 9.6 (*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 their 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, they will be exposed to movements in exchange rates adversely affecting the value of their 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 Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. In the event a rating assigned to the Notes and/or the Issuer is lowered for any reason, the market value of the Notes may be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes.

In general, regulated investors established in the EU are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU 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 non-EEA credit rating agencies,

unless the relevant credit ratings are endorsed by an EEA registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the EU 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.

If the status of any rating agency rating the Notes changes for the purposes of the EU 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 will be disclosed in the applicable Final Terms.

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 2022 (published on the Issuer's website https://www.santander.pl/regulation_file_server/time20230222101618/download?id=165126&lang=en_US) prepared in accordance with the International Financial Reporting Standards as adopted by the EU (**IFRS**) (the **2022 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 2022 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 (page 9);
 - (e) consolidated statement of cash flows (page 10); and
 - (f) additional notes to the consolidated financial statements (pages 11-165);
2. the separate independent registered auditor's report on the 2022 Consolidated Financial Statements (pages 1-15) 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/time20230222090351/download?id=165119&lang=en_US);
3. the audited consolidated financial statements of the Group as at and for the year ended 31 December 2021 (published on the Issuer's website https://www.santander.pl/regulation_file_server/time20220223120004/download?id=163984&lang=en_US) prepared in accordance with IFRS (the **2021 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 2021, 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 (page 9);
 - (e) consolidated statement of cash flows (page 10); and

- (f) additional notes to the consolidated financial statements (pages 11-159);
4. the separate independent registered auditor's report on the 2021 Consolidated Financial Statements (pages 1-12) 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/time20220223100535/download?id=163974&lang=en_US);
5. the unaudited condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2023 (published on the Issuer's website https://www.santander.pl/regulation_file_server/time20230726085406/download?id=166271&lang=en_US) prepared in accordance with International Accounting Standard (IAS) 34 as adopted by the European Union (the **Interim Financial Statements**), included in the consolidated report of the Group for the first half of 2023, which constitute a free translation from the Polish version into the English language:
- (a) condensed consolidated income statement (page 6);
- (b) condensed consolidated statement of comprehensive income (page 7);
- (c) condensed consolidated statement of financial position (pages 8-9);
- (d) condensed consolidated statement of changes in equity (page 10);
- (e) condensed consolidated statement of cash flows (pages 11-12); and
- (f) additional notes to condensed interim consolidated financial statements (pages 13 - 62);
6. the separate independent registered auditor's report on the review of the Interim Financial Statements (pages 1-2) 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/time20230726084902/download?id=166270&lang=en_US);
7. 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://www.santander.pl/regulation_file_server/download?id=161520&lang=en_US);
8. 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);
9. The "Terms and Conditions of the Notes" set out on page 99-153 of the Issuer's base prospectus dated 7 July 2021 relating to the Programme (https://www.santander.pl/regulation_file_server/download?id=166377&lang=en_US); and
10. The "Terms and Conditions of the Notes" set out on page 112-166 of the Issuer's base prospectus dated 6 September 2022 relating to the Programme (https://www.santander.pl/regulation_file_server/download?id=163278&lang=en_US).

The independent registered auditor's reports on the 2021 Consolidated Financial Statements and the 2022 Consolidated Financial Statements 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/>).

Supplements

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 23 of the EU Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to supersede statements contained in this Base Prospectus (or any earlier supplement) or in a document which is incorporated by reference in this Base Prospectus.

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.

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 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements or the Interim Financial Statements. Due to the changes in accounting policies and presentation introduced during preparation of the 2022 Consolidated Financial Statements which resulted in the restatement of 2021 data as described under Key Factors Affecting Comparability section below, financial data as at and for the year ended 31 December 2021 presented in this Base Prospectus unless otherwise stated was derived from the unaudited 2021 comparative information in 2022 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 annual financial statements have been prepared in accordance with IFRS, while the Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

Key Factors Affecting Comparability

In 2022 the Group introduced certain changes to its accounting policies and presentation, which had an effect on comparative, previously published financial information, which is included in this Base Prospectus. Details of the introduced changes and their impact on comparative periods are presented below:

Adjustment 1: Change in accounting policies in connection with legal risk related to the mortgage loans portfolio denominated/indexed to CHF

Based on the analysis, due to the applicable legal situation related to mortgage loans portfolio denominated and indexed in foreign currencies, the Group decided to change the accounting policy for their recognition, starting from 1 January 2022.

Prior to the amendment, the legal risk of this portfolio was recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. From 1 January 2022, the Group decided to apply IFRS 9 Financial Instruments.

From 1 January 2022, due to the inability to recover some of the planned cash flows, the Group decided to reduce the gross carrying amount of mortgage loans denominated and indexed in foreign currencies in accordance with IFRS 9 (IFRS 9 B5.4.6) and in the absence of exposure or insufficient exposure, create provision according to IAS 37.

Taking into consideration the significance of portfolio's legal risk cost and in accordance with paragraph 29 of IAS 1 Presentation of financial statements, the Group decided to present a separate line in the consolidated income statement "Cost of legal risk associated with foreign currency mortgage loans", which presents the overall impact of the portfolio's legal risk on the income statement.

The change in accounting policy was intended to provide users of financial statements with more useful information on the impact of the legal risk of the portfolio of loans denominated and indexed in foreign currencies on the financial position, financial result and cash flows of the Group.

The change also aligned the approach used in the Group's financial statements with the practice of other Polish banks.

The change in accounting policy did not affect the amount of the Group's net assets in the comparative period, i.e. as of 1 January 2021 and 31 December 2021.

Adjustment 2: Changes in the presentation of selected items of the income statement and the statement of financial position

To present the financial position and financial performance of the Group in the best possible way, as well as to provide the highest value for the users of the Group's financial statements, the following items were presented separately:

- (a) "Income similar to interest on finance leases" in the consolidated income statement and "Loans and advances from finance leases" in the consolidated statement of financial position; and
- (b) "Gain/loss on derecognition of financial instruments measured at amortised cost" in the consolidated income statement.

In relation to the Adjustments 1 and 2 discussed above, comparative data for the financial year ended on 31 December 2021 was revised accordingly. The effect of the changes in such data is summarised in the following tables:

Consolidated income statement	For the period: 1 January 2021 – 31 December 2021			
	Before	Adjustment (1)	Adjustment (2)	After
	<i>(PLN thousands)</i>			
Interest income and similar to interest	6,362,584	-	(299)	6,362,285
Interest income on financial assets measured at amortised cost	5,389,776	-	(325,250)	5,064,526
Interest income on financial assets measured at fair value through other comprehensive income	955,577	-	-	955,577
Income similar to interest on financial assets measured at fair value through profit or loss	17,231	-	-	17,231
Income similar to interest on financial leases	-	-	324,951	324,951
Interest expense	(400,139)	-	-	(400,139)
Net interest income	5,962,445	-	(299)	5,962,146
Fee and commission income	2,972,591	-	(38)	2,972,553
Fee and commission expense	(485,468)	-	-	(485,468)
Net fee and commission income	2,487,123	-	(38)	2,487,085
Dividend income	112,848	-	-	112,848
Net trading income and revaluation	267,954	-	-	267,954
Gains (losses) from other financial securities	94,918	-	-	94,918
Gain/loss on derecognition of financial instruments measured at amortised cost	-	-	337	337
Other operating income	284,294	(67,965)	-	216,329

Impairment allowances for expected credit losses	(1,124,188)	-	-	(1,124,188)
Cost of legal risk associated with foreign currency mortgage loans	-	(1,430,975)	-	(1,430,975)
Operating expenses, including:	(5,487,196)	1,498,940	-	(3,988,256)
- staff, operating expenses and management costs	(3,172,130)	-	-	(3,172,130)
- amortisation of property, plant and equipment and intangible assets	(411,399)	-	-	(411,399)
- amortisation of right of use of asset	(167,571)	-	-	(167,571)
- other operating expenses	(1,736,096)	1,498,940	-	(237,156)
Share in net profits (loss) of entities accounted for by the equity method	74,068	-	-	74,068
Tax on financial institutions	(614,438)	-	-	(614,438)
Profit before tax	2,057,828	-	-	2,057,828
Corporate income tax	(805,422)	-	-	(805,422)
Consolidated profit for the period	1,252,406	-	-	1,252,406
of which:				
- attributable to owners of the parent entity	1,111,684	-	-	1,111,684
- attributable to non-controlling interests	140,722	-	-	140,722
Net earnings per share				
Basic earnings per share (PLN/share)	10.88	-	-	10.88
Diluted earnings per share (PLN/share)	10.88	-	-	10.88

(1) Adjustment resulting from changes in accounting policy

(2) Adjustment resulting from changes in the presentation

Consolidated statement of financial position

As at 31 December 2021

	Before	Adjustment (1)	Adjustment (2)	After
	<i>(PLN thousands)</i>			
Loans and advances to customers, including:	148,250,421	(1,859,076)	-	146,391,345
- measured at amortised cost	145,966,743	(1,859,076)	(10,728,943)	133,378,724
- from finance leases	-	-	10,728,943	10,728,943
Total assets	244,876,340	(1,859,076)	-	243,017,264
Other provisions	2,358,989	(1,859,076)	-	499,913
Total liabilities	217,662,764	(1,859,076)	-	215,803,688

(1) Adjustment resulting from changes in accounting policy

(2) Adjustment resulting from changes in the presentation

As part of the restatements, the Group also adjusted for comparative purposes the opening balance i.e. as at 1 January 2021:

Consolidated statement of financial position

As at 1 January 2021

	Before	Adjustment (1)	Adjustment (2)	After
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(PLN thousands)

Loans and advances to customers, including:	141,998,745	(562,454)	-	141,436,291
- measured at amortised cost	139,549,728	(562,454)	(9,630,028)	129,357,246
- from finance leases	-	-	9,630,028	9,630,028
Total assets	229,311,309	(562,454)	-	228,748,855
Other provisions	952,115	(562,454)	-	389,661
Total liabilities	200,653,319	(562,454)	-	200,090,865

(1) Adjustment resulting from changes in accounting policy

(2) Adjustment resulting from changes in the presentation

Changes introduces in statement of cash flows for the period from 1 January 2021 to 31 December 2021:

Consolidated statement of cash flows

For the period from 1 January 2021 to 31 December 2021

(PLN thousands)

	Before	Adjustment (1)	After
Changes in:			
Provisions	1,403,144	(1,296,622)	106,522
Loans and advances to customers	(11,676,576)	1,296,622	(10,379,954)

(1) Adjustment resulting from changes in accounting policy

Selected financial information

For the year ended 31 December 2022, the Group's total income (calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income and revaluation, gains (less losses) from financial securities, gains/losses on derecognition of financial instruments measured at amortised cost and other operating income) reached PLN 12,381.5 million, which represents an increase of 35.4 per cent. compared to the year ended 31 December 2021. The increase was mainly driven by the increase in the NBP reference rate.

As in the year ended 31 December 2021, net interest and income similar to interest was the Group's largest income source in the year ended 31 December 2022 (78 per cent. of total income). In the year ended 31 December 2022, net interest income reached PLN 9,652.3 million, an increase of 61.9 per cent. as compared to the year ended 31 December 2021. The main reasons for the increase in the net interest income were the increase in the NBP reference rate and market interest rates and the growth of the Group's key loan portfolios. The Group's net interest income was affected by suspension of repayments of retail mortgage loans denominated in PLN the estimated financial impact of which, i.e. reduction in the interest income from the loans affected by the suspension, was PLN 1,544.4 million.

For the year ended 31 December 2022, interest income and similar income increased by 97.1 per cent. to PLN 12,538.6 million (compared with PLN 6,362.3 million for the year ended 31 December 2021). This increase was a result of an increased interest income on all interest-generating asset classes, i.e. loans and advances to enterprises and individuals and debt securities. Interest expenses for the year ended 31 December 2022 grew by 621.3 per cent. compared with the previous year, to PLN 2,886.3 million. This significant growth was a result of increased interest rates on customer deposits as well as increased liabilities under repurchase transactions, outstanding debt securities issued by the Group and deposits from banks.

The Group's net fee and commission income increased by 3.2 per cent. to PLN 2,566.4 million, compared with PLN 2,487.1 million for the year ended 31 December 2021, mainly as a result of a higher net income in most of the Group's product lines.

Foreign exchange commissions (FX fees) increased by 27.6 per cent. to PLN 730.4 million for the year ended 31 December 2022 (compared with PLN 572.6 million for the year ended 31 December 2021). Net debit card-related fees increased by 11.6 per cent. to PLN 283.0 million for the year ended 31 December 2022 (compared with PLN 253.5 million for the year ended 31 December 2021), because of increase in the usage of debit cards and an increase in the number of issued cards. Commissions from current accounts and money transfers increased by 5.7 per cent. to PLN 422.1 million for the year ended 31 December 2022 (compared with PLN 399.3 million for the year ended 31 December 2021). Net credit card fees decreased by 7.8 per cent. to PLN 119.9 million for the year ended 31 December 2022 (compared with PLN 130.1 million for the year ended 31 December 2021). Net fees from brokerage activities increased by 2.8 per cent. to PLN 115.4 million for the year ended 31 December 2022 (compared with PLN 112.3 million for the year ended 31 December 2021).

Dividend income decreased to PLN 10.6 million for the year ended 31 December 2022, compared with PLN 112.8 million for the year ended 31 December 2021. This decrease was caused by the disposal of insurance companies in which the Bank was a shareholder to the Allianz group.

The Group recorded net trading income and revaluation of PLN 126.7 million for the year ended 31 December 2022, which represented a decrease of 52.7 per cent. compared with the year ended 31 December 2021. This decrease was caused by the unfavourable conditions in the financial markets. In the derivatives and foreign exchange interbank transactions market, the Group generated a net result of PLN 92.7 million in 2022 as compared to PLN 234.9 million in 2021.

Gains (losses) on other financial securities for the year ended 31 December 2022 recorded a loss of PLN 23.1 million, compared with a profit of PLN 94.9 million for the year ended 31 December 2021. The main reasons for the decrease were a loss on sales of debt securities and negative change in the valuation of shares in Visa, Inc.

Other operating income was stable and amounted to PLN 217.7 million for the year ended 31 December 2022.

For the year ended 31 December 2022, the Group's total general and administrative expenses was PLN 2,161.7 million, which represented a 46.3 per cent. increase in comparison with the previous year (PLN 1,477.9 million for the year ended 31 December 2021), mainly as a result of contributions to the institutional protection scheme and the Borrowers Support fund and increased costs of marketing and IT. Employee costs increased by 7.2 per cent. to PLN 1,815.8 million for the year ended 31 December 2022 (compared with PLN 1,694.2 million for the year ended 31 December 2021), mainly due to an increase in remuneration costs. The number of full-time employees decreased to 11,309 as at 31 December 2022.

The Group's contribution to the BGF, the KNF and the National Depository for Securities (in Polish: *Krajowy Depozyt Papierów Wartościowych S.A.*) increased by 1.7 per cent. to PLN 298.7 million for the year ended 31 December 2022, compared with PLN 293.7 million for the year ended 31 December 2021.

For the year ended 31 December 2021, the Group's net expected credit loss allowances on loans and advances measured at amortised cost amounted to PLN 894.7 million, a decrease of 20.4 per cent. compared with PLN 1,124.2 million for the year ended 31 December 2021. As at 31 December 2022, the Bank's NPL ratio stood at 4.95 per cent. compared with 5.01 per cent. as at 31 December 2021.

The Group's profit before tax for the year ended 31 December 2022 was PLN 4,352.9 million compared with PLN 2,057.8 million for the year ended 31 December 2021. The Group's return on equity increased from 4.5 per cent. as at 31 December 2021 to 11.5 per cent. as at 31 December 2022.

The Group's net profit attributable to owners of the Bank for the year ended 31 December 2022 was PLN 2,799.1 million, representing an increase of 151.8 per cent. compared with the previous year.

As at 31 December 2022, the Total Capital Ratio (TCR) stood at 19.27 per cent. compared with 19.05 per cent. as at 31 December 2021. The Common Equity Tier 1 capital ratio was 17.54 per cent. as at 31 December 2022, compared with 17.10 per cent. as at 31 December 2021. The consolidated leverage ratio calculated in accordance with the provisions of the CRR Regulation with regard to the leverage ratio amounted to 8.83 per cent. (compared with 9.13 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 0.016 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 unaudited, not defined by, or presented in accordance with, IFRS and are not part of the Group's audited, consolidated financial statements. 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.

APM	Definition
Cost of credit risk	Net expected credit loss allowances (for four consecutive quarters) to average gross loans and advances to customers measured at amortised cost and lease receivables (as at the end of the current reporting period and the end of the previous year).
Cost/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, gains/(losses) on other financial securities, gains/losses on derecognition of financial instruments measured at amortised cost and other operating income).
Net interest income/Total income	Calculated by dividing year-to-date net interest income by year-to-date total income (where total income is a sum of net interest income, net fee and commission income, dividend income, net trading income and revaluation, gains/losses from other financial securities, gains/losses on derecognition of financial instruments measured at amortised cost and other operating income).
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) by the average net interest earning assets (average calculated based on data as at the end of consecutive quarters after the end of the year preceding a given accounting period), excluding financial assets held for trading, hedging derivatives, other exposures related to trading and other loans and advances to customers.
Net fee and commission income/Total income	Calculated by dividing year-to-date net fee and commission income by year-to-date total income, (where total income is a sum of net interest income, net fee and commission income, dividend income, net trading income and revaluation,

APM	Definition
	gains/losses from other financial securities, gains/losses on derecognition of financial instruments measured at amortised cost and other operating income).
Net loans and advances to customers/deposits from customers	Calculated by dividing the net loans and advances to customers at the end of the current accounting period by deposits from customers at the end of the current accounting period.
NPL ratio (Non-performing loans ratio)	Calculated by dividing lease receivables and gross loans and advances to customers measured at amortised cost and classified to stage 3 and POCI exposures by the total gross portfolio of such loans and advances and lease receivables as at the end of the reporting period.
NPL provision coverage ratio	Calculated by dividing impairment allowances for loans and advances to customers measured at amortised cost and lease receivables classified to stage 3 and POCI exposures by gross value of such loans and advances and lease receivables as 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) by average total assets (average calculated based on data as at the end of the current reporting period and the end of the previous year).
ROE (Return on equity)	Calculated by dividing the profit attributable to the parent's shareholders (for four consecutive quarters) by average equity (average calculated based on data as at the end of the current reporting period and the end of the previous year) net of non-controlling interests, current period profit, dividend reserve and recommended dividend.
ROTE (Return on tangible equity)	Calculated by dividing the profit attributable to the parent's shareholders (for four consecutive quarters) to average tangible equity (average calculated based on data as at the end of the current reporting period and the end of the previous year) (tangible equity defined as common equity attributable to parent's shareholders less revaluation reserve, current year profit, intangible assets, goodwill and dividend reserve).
Total income	a sum of net interest income, net fee and commission income, dividend income, net trading income and revaluation, gains/losses on other financial securities, gains/losses on derecognition of financial instruments measured at amortised cost 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) APMs, 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 2022 and 31 December 2021 and for the six-months periods ended 30 June 2023 and 30 June 2022

Consolidated Income Statements for the financial years ended 31 December 2022 and 31 December 2021

	Year ended 31 December	
	2022	2021 (restated)
	<i>(PLN thousands)</i>	
Interest income and similar to interest	12,538,584	6,362,285
Interest income on financial assets measured at amortised cost	9,804,957	5,064,526
Interest income on financial assets measured at fair value through other comprehensive income	1,965,093	955,577
Income similar to interest on financial assets measured at fair value through profit or loss	96,144	17,231
Income similar to interest on finance leases	672,390	324,951
Interest expense	(2,886,277)	(400,139)
Net interest income	9,652,307	5,962,146
Fee and commission income	3,173,217	2,972,553
Fee and commission expense	(606,799)	(485,468)
Net fee and commission income	2,566,418	2 487 085
Dividend income	10,639	112,848
Net trading income and revaluation	126,748	267,954
Gains (losses) from other financial securities	(23,051)	94,918
Gain/loss on derecognition of financial instruments measured at amortised cost	(169,235)	337
Other operating income	217,706	216,329
Impairment allowances for expected credit losses	(894,685)	(1,124,188)
Cost of legal risk associated with foreign currency mortgage loans	(1,739,088)	(1,430,975)
Operating expenses, including::	(4,697,706)	(3,988,256)
- Staff, operating expenses and management costs	(3,977,482)	(3,172,130)
- Amortisation of property, plant and equipment and Intangible assets	(381,645)	(411,399)
- Amortisation of right of use assets	(141,940)	(167,571)
- Other operating expenses	(196,639)	(237,156)
Share in net profits (loss) of entities accounted for by the equity method	84,049	74,068
Tax on financial institutions	(781,155)	(614,438)
Profit before tax	4,352,947	2,057,828
Corporate income tax	(1,344,172)	(805,422)
Consolidated profit for the period	3,008,775	1,252,406
of which:		
-attributable to owners of the parent entity	2,799,098	1,111,684
-attributable to non-controlling interests	209,677	140,722
Net earnings per share		
Basic earnings per share (PLN/share)	27.39	10.88
Diluted earnings per share (PLN/share)	27.39	10.88

Condensed Consolidated Income Statements for the six-months periods ended 30 June 2023 and 30 June 2022

	Six-months period ended 30 June	
	(unaudited)	
	2023	2022
	<i>(PLN thousands)</i>	
Interest income and similar to interest	8,884,751	5,901,553
Interest income on financial assets measured at amortised cost	7,273,344	4,671,251
Interest income on financial assets measured at fair value through other comprehensive income	1,111,160	927,925

Income similar to interest on financial assets measured at fair value through profit or loss	54,747	34,689
Income similar to interest on finance leases	445,500	267,688
Interest expense	(2,592,281)	(722,759)
Net interest income	6,292,470	5,178,794
Fee and commission income	1,635,551	1,576,526
Fee and commission expense	(295,587)	(295,098)
Net fee and commission income	1,339,964	1,281,428
Dividend income	9,942	8,919
Net trading income and revaluation	143,884	30,231
Gains (losses) from other financial securities	4,635	(33,196)
Gain/loss on derecognition of financial instruments measured at amortised cost	(263,343)	(38,911)
Other operating income	73,073	85,969
Impairment allowances for expected credit losses	(590,232)	(229,533)
Cost of legal risk associated with foreign currency mortgage loans	(1,149,479)	(947,379)
Operating expenses incl.:	(2,313,369)	(2,532,092)
-Staff, operating expenses and management costs	(1,978,437)	(2,189,278)
-Amortisation of property, plant and equipment and Intangible assets	(199,407)	(187,128)
-Amortisation of right of use asset	(76,369)	(76,563)
-Other operating expenses	(59,156)	(79,123)
Share in net profits (loss) of entities accounted for by the equity method	52,192	36,050
Tax on financial institutions	(387,529)	(367,586)
Profit before tax	3,212,208	2,472,694
Corporate income tax	(848,747)	(732,429)
Consolidated net profit for the period	2,363,461	1,740,265
of which:		
-attributable to owners of the parent entity	2,322,216	1,616,390
-attributable to non-controlling interests	41,245	123,875
Net earnings per share		
Basic earnings per share (PLN/share)	22.72	15.82
Diluted earnings per share (PLN/share)	22.72	15.82

Consolidated statements of comprehensive income for the financial years ended 31 December 2022 and 31 December 2021

	Year ended 31 December	
	2022	2021 (restated)
	<i>(PLN thousands)</i>	
Consolidated profit for the period	3,008,775	1,252,406
Items that will be reclassified subsequently to profit or loss:	240,999	(2,805,251)
Revaluation and sales of debt financial assets measured at fair value through other comprehensive income gross*	644,459	(3,425,571)
Deferred tax	(122,447)	650,859
Revaluation of cash flow hedging instruments gross	(346,930)	(37,702)
Deferred tax	65,917	7,163
Items that will not be reclassified subsequently to profit or loss:	17,123	426,257
Revaluation of equity financial assets measured at fair value through other comprehensive income gross	21,032	518,751
Deferred and current tax	(3,996)	(98,352)
Provision for retirement benefits – actuarial gains/losses gross	124	7 216
Deferred tax	(37)	(1 358)
Total other comprehensive income, net	258,122	(2,378,994)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,266,897	(1,126,588)
Total comprehensive income attributable to:		
- owners of the parent entity	3,075,280	(1,220,899)
- non-controlling interests	191,617	94,311

Consolidated statements of comprehensive income for the six-months periods ended 30 June 2023 and 30 June 2022

	Six months ended 30 June (unaudited)	
	2023	2022
	<i>(PLN thousand)</i>	
Consolidated net profit for the period	2,363,461	1,740,265
Items that will be reclassified subsequently to profit or loss:	832,030	(117,956)
Revaluation and sales of debt financial assets measured at fair value through other comprehensive income gross	566,966	171,421
Deferred tax	(107,723)	(32,570)
Revaluation of cash flow hedging instruments gross	459,946	(317,046)
Deferred tax	(87,159)	60,239
Items that will not be reclassified subsequently to profit or loss:	19,321	(4,739)
Revaluation of equity financial assets measured at fair value through other comprehensive income gross	22,429	(5,850)
Deferred and current tax	(4,262)	1,111
Provision for retirement benefits – actuarial gains/losses gross	1,425	-
Deferred tax	(271)	-
Total other comprehensive income, net	851,351	(122,695)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,214,812	1,617,570
Total comprehensive income attributable to:		
- owners of the parent entity	3,142,827	1,531,519
- non-controlling interests	71,985	86,051

Consolidated statements of financial position

	As at	As at 31 December	
	30 June 2023	2022	2021 (restated)
	(unaudited)	<i>(PLN thousands)</i>	
ASSETS			
Cash and balances with central banks	10,376,739	10,170,022	8,438,275
Loans and advances to banks	9,729,626	9,577,499	2,690,252
Financial assets held for trading	8,473,700	6,883,616	4,020,117
Hedging derivatives	853,944	549,177	163,177
Loans and advances to customers, including:	156,867,276	152,508,692	146,391,345
- measured at amortised cost	141,812,759	137,888,696	133,378,724
- measured at fair value through other comprehensive income	2,650,562	2,628,660	1,729,848
- measured at fair value through profit and loss	104,455	239,694	553,830
- from finance leases	12,299,500	11,751,642	10,728,943
Reverse sale and repurchase agreements	9,373,287	13,824,606	453,372
Investment securities, including:	60,207,976	55,371,137	71,866,260
- debt securities measured at fair value through other comprehensive income	40,739,488	39,539,535	70,064,796
- debt securities measured at fair value through profit and loss	68,902	64,707	116,977
- debt investment securities measured at amortised cost	19,167,299	15,499,348	1,421,272
- equity securities measured at fair value through other comprehensive income	226,728	204,299	259,788
- equity securities measured at fair value through profit and loss	5,559	63,248	3,427
Assets pledged as collateral	-	2,318,219	534,437
Investments in associates	910,184	921,495	932,740
Intangible assets	756,482	740,756	692,802
Goodwill	1,712,056	1,712,056	1,712,056
Property, plant and equipment	646,506	688,262	732,909
Right of use assets	508,489	497,352	517,102
Current income tax assets	-	-	216,884
Deferred tax assets	1,855,931	2,098,733	2,383,710
Fixed assets classified as held for sale	4,839	5,973	4,817

Other assets	1,500,124	1,299,620	1,267,009
Total assets	263,777,159	259,167,215	243,017,264
LIABILITIES AND EQUITY			
Deposits from banks	4,419,555	4,031,252	4,400,138
Hedging derivatives	1,221,258	1,979,089	1,762,334
Financial liabilities held for trading	7,640,664	7,108,826	3,878,081
Deposits from customers	200,655,621	196,496,806	185,373,443
Sale and repurchase agreements	-	2,324,926	510,277
Subordinated liabilities	2,723,525	2,807,013	2,750,440
Debt securities in issue	8,483,230	9,330,648	12,805,462
Lease liabilities	399,578	419,965	452,499
Current income tax liabilities	523,848	80,751	-
Deferred tax liability	282	281	-
Provisions for financial liabilities and guarantees granted	63,720	61,869	60,811
Other provisions	766,569	627,311	499,913
Other liabilities	3,471,166	3,783,140	3,310,290
Total liabilities	230,369,016	229,051,877	215,803,688
Equity			
Equity attributable to owners of the parent entity	31,576,764	28,318,083	25,531,680
Share capital	1,021,893	1,021,893	1,021,893
Other reserve capital	27,403,094	23,858,400	22,178,344
Revaluation reserve	(299,360)	(1,131,335)	(1,354,715)
Retained earnings	1,128,921	1,770,027	2,574,474
Profit for the period	2,322,216	2,799,098	1,111,684
Non-controlling interests in equity	1,831,379	1,797,255	1,681,896
Total equity	33,408,143	30,115,338	27,213,576
Total liabilities and equity	263,777,159	259,167,215	243,017,264

Selected financial ratios of the Group (unaudited)

	Six-month period ended 30 June		Year ended 31 December	
	2023	2022	2022	2021*
Cost/income	30.4%	38.9%	37.9%	43.6%
Net interest income/Total income	82.8%	79.5%	78.0%	65.2%
Net fee and commission income/Total income	17.6%	19.7%	20.7%	27.2%
Earnings per ordinary share (in PLN)	22.72	15.82	27.39	10.88

	As at	As at 31 December	
	30 June 2023	2022	2021*
Net loans and advances to customers/deposits from customers	78.2%	77.6%	79.0%
NPL ratio	4.9%	4.95%	5.01%
NPL provision coverage ratio	58.0%	57.5%	60.8%
Net interest margin	5.38%	4.31%	2.72%
Cost of credit risk	0.80%	0.59%	0.76%
ROE**	14.3%	11.5%	4.5%
ROTE**	15.4%	12.1%	5.1%
ROA	1.3%	1.1%	0.5%
Total capital ratio	20.77%	19.27%	18.58%
Tier I ratio	19.21%	17.54%	16.63%
Book value per share (in PLN)	326.92	294.70	266.31

* Ratios as at and for the year ended 31 December 2021 were calculated using the unaudited comparative values as at and for the year ended 31 December 2021 as presented in the 2022 Consolidated Financial Statements and may differ from the values presented by the Group previously (as part of the annual reports for the respective periods). For more details on the restatement see "Selected Financial Information of the Issuer and Overview of the Group's Financial Condition – Key factors affecting comparability".

** ROE and ROTE ratios as of all dates presented were calculated based on revised definition adopted by the Management Board of the Bank in 2023. The details are set out in the reconciliation tables below.

Cost/income, Net interest income/total income, Net fee and commission income/total income

The table below sets out the reconciliation of the cost/income, net interest income/total income ratios and net fee and commission income/total income on a consolidated basis for the periods indicated below:

	<u>Six-month period ended 30 June</u>		<u>12-month period ended 31 December</u>	
	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
	<i>(PLN thousands)</i>			
Operating expenses (a)	(2,313,369)	(2,532,092)	(4,697,706)	(3,988,256)
<i>Net interest income (c)</i>	6,292,470	5,178,794	9,652,307	5,962,146
<i>Net fee and commission income (d)</i>	1,339,964	1,281,428	2,566,418	2,487,085
<i>Dividend income</i>	9,942	8,919	10,639	112,848
<i>Net trading income and revaluation</i>	143,884	30,231	126,748	267,954
<i>Gains (losses) from other financial securities</i>	4,635	(33,196)	(23,051)	94,918
<i>Gain/(loss) on derecognition of financial instruments measured at amortised cost</i>	(263,343)	(38,911)	(169,235)	337
<i>Other operating income</i>	73,073	85,969	217,706	216,329
Total income (b)	7,600,625	6,513,234	12,381,532	9,141,617
Cost/income (a/b)	30.4%	38.9%	37.9%	43.6%
Net interest income/Total income (c/b)	82.8%	79.5%	78.0%	65.2%
Net fee and commission income/Total income (d/b)	17.6%	19.7%	20.7%	27.2%

Net interest margin

The table below sets out the reconciliation of the Net interest margin on a consolidated basis:

	<u>As at 30 June 2023 (1)</u>	<u>As at 31 December</u>	
		<u>2022</u>	<u>2021</u>
	<i>(PLN thousands)</i>		
Net interest income (a), of which:	6,292,470	9,652,307	5,962,146
Interest income from the portfolio of debt securities measured at fair value through P&L and net interest income from securities financing transactions (SFT) (b)	166,471	(70,911)	3,987

Other interest income from CIRS and IRS ALM portfolio (c)	219	15,606	4,358
Adjusted net interest income (a-b+c)	6,126,218	9,738,824	5,962,517
Annualised net interest income (d)	12,353,975	9,738,824	5,962,517
Average net interest earning assets (e)	229,647,866	225,888,211	218,848,293
Net interest margin (d/e)	5.38%	4.31%	2.72%

1) Calculated on year- to- date basis

e) Average calculated based on data as at the end of consecutive quarters after the end of the year preceding a given accounting year.

Net loans and advances to customers/deposits from customers

The table below sets out the reconciliation of the Net loans and advances to customers/deposits from customers on a consolidated basis as of the dates indicated below:

	As at 30 June 2023	As at 31 December	
		2022	2021
		<i>(PLN thousands)</i>	
Net loans and advances to customers (a)	156,867,276	152,508,692	146,391,345
Deposits from customers (b)	200,655,621	196,496,806	185,373,443
Net loans and advances to customers/deposits from customers (a/b)	78.2%	77.6%	79.0%

NPL Ratio and NPL provision coverage ratio

The table below sets out the reconciliation of the NPL Ratio and NPL provision coverage ratio on a consolidated basis as of the dates indicated below:

	As at 30 June 2023	As at 31 December	
		2022	2021
		<i>(PLN thousands)</i>	
Gross loans and advances to customers measured at amortised cost and finance leases classified to stage 3 and POCI (a)	7,824,506	7,701,468	7,512,513
Total gross loans and advances to customers measured at amortised cost and finance leases (b)	160,168,679	155,517,629	149,964,960
NPL Ratio (a/b)	4.9%	4.95%	5.01%
Expected credit loss allowances for loans and advances to customers measured at amortised cost and finance leases classified to Stage 3 and POCI (c)	(4,535,897)	(4,424,510)	(4,568,950)
NPL Coverage Ratio (c/a)	58.0%	57.5%	60.8%

Cost of credit

The table below sets out the reconciliation of the cost of credit margin on a consolidated basis as of the dates indicated below:

	<u>As at 30 June 2023</u>	<u>As at 31 December</u>	
		<u>2022</u>	<u>2021</u>
Net expected credit loss allowances for four consecutive quarters (a)	(1,255,384)	(894,685)	(1,124,188)
<i>gross loans and advances to customers measured at amortised cost and finance leases at the end of the current reporting period</i>	160,168,679	155,517,630	149,964,960
<i>gross loans and advances to customers measured at amortised cost and finance leases at the end of the previous year</i>	155,517,630	149,964,960	145,263,052
Average gross loans and advances to customers measured at amortised cost (b)	157,843,155	152,741,295	147,614,006
Cost of credit*(a/b)	0.80%	0.59%	0.76%

ROA

The table below sets out the reconciliation of the Return on Assets margin on a consolidated basis as of the dates indicated below:

	<u>As at 30 June 2023</u>	<u>As at 31 December</u>	
		<u>2022</u>	<u>2021</u>
Profit attributable to the parent's shareholders for four consecutive quarters	3,504,924	2,799,098	1,111,684
<i>Total assets as at the end of the current period</i>	263,777,159	259,167,215	243,017,264
<i>Total assets as at the end of the previous year</i>	259,167,215	243,017,264	228,748,855
Average total assets	261,472,187	251,092,240	235,883,060
ROA	1.3%	1.1%	0.5%

ROE

The tables below set out the reconciliation of the Return on Equity margin on a consolidated basis as of the dates indicated below:

	<u>As at 30 June 2023</u>	<u>As at 31 December</u>	
		<u>2022</u>	<u>2021</u>
<i>Share capital</i>	1,021,893	1,021,893	1,021,893
<i>Other reserve capital</i>	27,403,094	23,858,400	22,178,344
<i>Revaluation reserve</i>	(299,360)	(1,131,335)	(1,354,715)
<i>Retained earnings</i>	1,128,921	1,770,027	2,574,474
<i>Dividend reserve</i>	(4,422,811)	(1,233,669)	(148,477)
Equity as at the end of the current period (a)	24,831,737	24,285,316	24,271,519
<i>Share capital</i>	1,021,893	1,021,893	1,021,893

<i>Other reserve capital</i>	23,858,400	22,178,344	21,296,994
<i>Revaluation reserve</i>	(1,131,335)	(1,354,715)	1,839,292
<i>Retained earnings</i>	1,770,027	2,574,474	1,799,404
<i>Dividend reserve*</i>	(1,233,669)	(148,477)	(1,056,762)
Equity as at the end of the previous year (b)	24,285,316	24,271,519	24,900,821
Average equity net of non-controlling interests, current period profit and the dividend reserve* (a+b/2)	24,558,526	24,278,418	24,586,170

*In 2023 the Management Board of the Issuer amended the definition of ROE. Historically, the calculation of ROE included an adjustment for undistributed portion of the profit. Starting from 2023 this adjustment is no longer applied and instead, the calculation includes dividend reserve adjustment. For purposes of this Base Prospectus, calculation of ROE was revised for all dates presented in accordance with current definition applied by the Management Board of the Issuer.

	<u>As at 30 June 2023</u>	<u>As at 31 December</u>	
		<u>2022</u>	<u>2021</u>
		<i>(PLN thousands)</i>	
Profit attributable to the parent's shareholders for four consecutive quarters	3,504,924	2,799,098	1,111,684
Average equity net of non-controlling interests, current period profit and the dividend reserve*	24,558,526	24,278,418	24,586,170
ROE	14.3%	11.5%	4.5%

*In 2023 the Management Board of the Issuer amended the definition of ROE. Historically, the calculation of ROE included an adjustment for undistributed portion of the profit. Starting from 2023 this adjustment is no longer applied and instead, the calculation includes dividend reserve adjustment. For purposes of this Base Prospectus, calculation of ROE was revised for all dates presented in accordance with current definition applied by the Management Board of the Issuer.

ROTE

The tables below set out the reconciliation of the Return on Tangible Equity margin on a consolidated basis as of the dates indicated below:

	<u>As at 30 June 2023</u>	<u>As at 31 December</u>	
		<u>2022</u>	<u>2021</u>
		<i>(PLN thousands)</i>	
<i>Share capital</i>	1,021,893	1,021,893	1,021,893
<i>Other reserve capital</i>	27,403,094	23,858,400	22,178,344
<i>Retained earnings</i>	1,128,921	1,770,027	2,574,474
<i>Intangible assets</i>	(756,482)	(740,756)	(692,802)
<i>Goodwill</i>	(1,712,056)	(1,712,056)	(1,712,056)
<i>Dividend reserve*</i>	(4,422,811)	(1,233,669)	(148,477)
Tangible equity as at the end of the current period (a)	22,662,559	22,963,839	23,221,376
<i>Share capital</i>	1,021,893	1,021,893	1,021,893

<i>Other reserve capital</i>	23,858,400	22,178,344	21,296,994
<i>Retained earnings</i>	1,770,027	2,574,474	1,799,404
<i>Intangible assets</i>	(740,756)	(692,802)	(708,356)
<i>Goodwill</i>	(1,712,056)	(1,712,056)	(1,712,056)
<i>Dividend reserve*</i>	(1,233,669)	(148,477)	(1,056,762)
Tangible equity as at the end of the previous period (b)	22,963,839	23,221,376	20,641,117
Average tangible equity (a+b/2)	22,813,199	23,092,608	21,931,247

*In 2023 the Management Board of the Issuer amended the definition of ROTE. Historically, the calculation of ROTE included an adjustment for undistributed portion of the profit. Starting from 2023 this adjustment is no longer applied and instead, the calculation includes dividend reserve adjustment. For purposes of this Base Prospectus, calculation of ROTE was revised for all dates presented in accordance with current definition applied by the Management Board of the Issuer.

	<u>As at 30 June 2023</u>	<u>As at 31 December</u>	
		<u>2022</u>	<u>2021</u>
		<i>(PLN thousands)</i>	
Profit attributable to the parent's shareholders for four consecutive quarters	3,504,924	2,799,098	1,111,684
Average tangible equity	22,813,199	23,092,608	21,931,247
ROTE	15.4%	12.1%	5.1%

DESCRIPTION OF THE GROUP

Overview

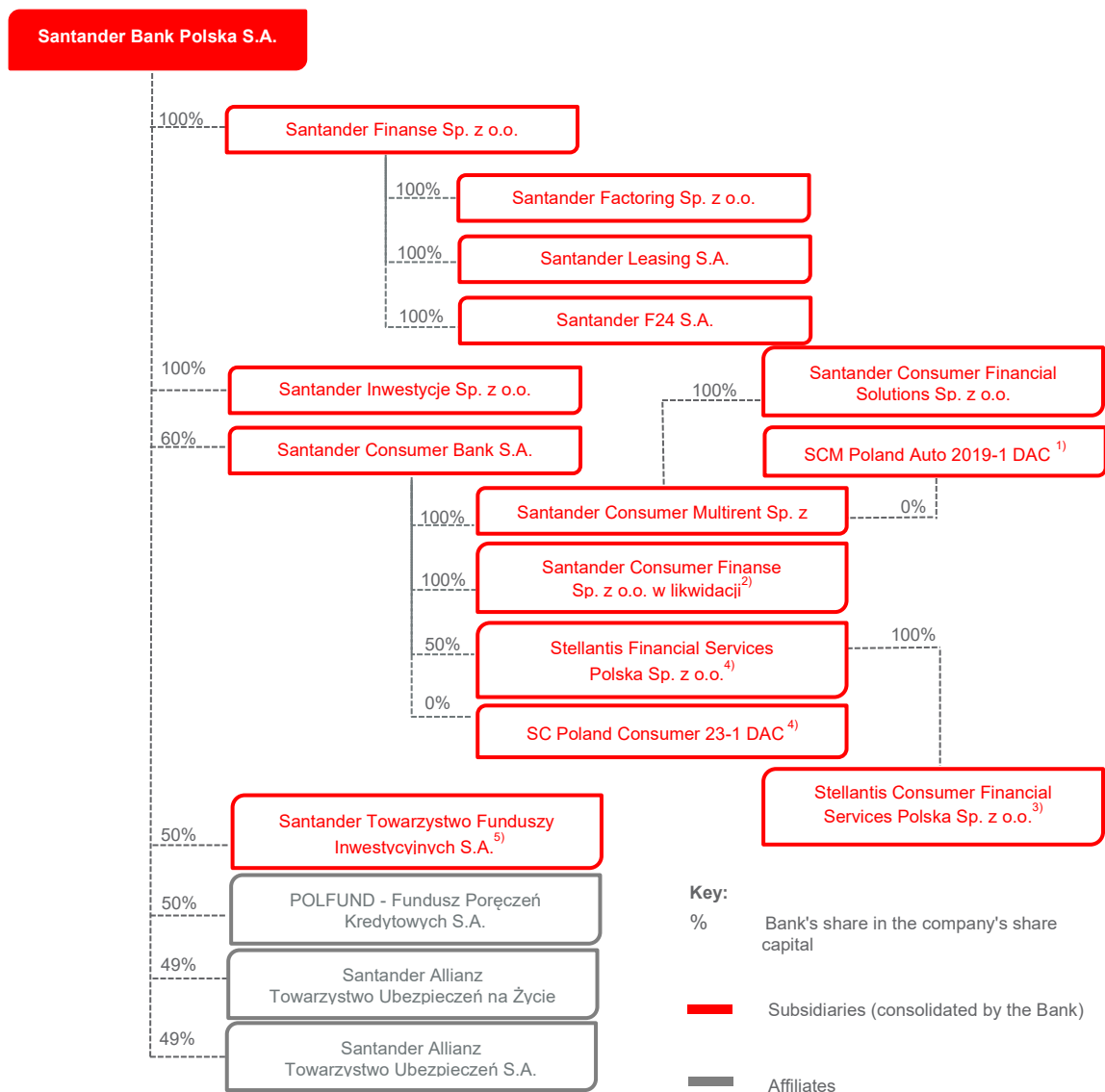
The Group is one of the largest financial services groups in Poland, providing retail, corporate and investment banking as well as other financial services. Based on the financial information for the year ended 31 December 2022 published by Polish banks, the Group was Poland's second largest banking group in terms of total equity and market capitalisation, third largest banking group in terms of total assets and deposits and fourth largest banking group in terms of net loans. Based on the Management's Board assessment, the Group had approximately 7.4 million customers in Poland as at 31 December 2022. In 2022, the Group generated a consolidated profit before tax of PLN 4,352.9 million. As at 31 December 2022, the Group's total assets were PLN 259,167.2 million, and it had cash and balances with the central bank of PLN 10,170.0 million and TCR of 19.27 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 the date of this Base Prospectus:



1) SCM Poland Auto 2019-1 Designated Activity Company 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 is its controlling entity in accordance with the conditions laid down in IFRS 10.7.

2) Santander Consumer Finanse sp. z o.o. w likwidacji was dissolved and put into liquidation as of 31 December 2020 by virtue of a resolution of the company's Extraordinary General Meeting of 23 December 2020.

3) In relation to the formation of the automotive manufacturing corporation Stellantis N.V. in 2021 as a result of merger between the Italian-American conglomerate Fiat Chrysler Automobiles and the French Groupe PSA, on 3 April 2023 PSA Finance Polska sp. z o.o. and PSA Consumer Finance Polska sp. z o.o. were renamed Stellantis Financial Services Polska sp. z o.o. and Stellantis Consumer Financial Services Polska sp. z o.o., respectively. Stellantis Financial Services 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 SCB (directly) and the Bank (indirectly).

4) SC Poland Consumer 23-1 Designated Activity Company (DAC) is a special purpose vehicle incorporated in Dublin on 17 June 2022 for the purpose of securitising a part of the retail loan portfolio of SCB. The SPV does not have any capital connections with SCB, which is its controlling entity in accordance with the conditions laid down in IFRS 10.7.

5) Co-owners of Santander Towarzystwo Funduszy Inwestycyjnych S.A. (Santander TFI S.A.), i.e. the Bank and Banco Santander, are members of global Santander Group and hold an equal stake of 50 per cent. in the company's share capital. In practice, the Bank controls Santander TFI S.A. within the meaning of the IFRS because, as the main business partner and distributor of investment products, it has a real impact on the operations and financial performance of Santander TFI 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 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.

In 2021 the Bank sold its stake in various companies from Aviva group operating in Poland to Allianz group. 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**)

<u>Category</u>	<u>Rating</u>	<u>Outlook</u>
Long-term IDR	BBB+	negative
Short-term IDR	F2	-
Viability rating	bbb+	-
National long-term rating	AA(pol)	negative
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)

<u>Category</u>	<u>Rating</u>	<u>Outlook</u>
Counterparty risk rating	A-1/P-1	-
Bank deposits	A-2/P-1	-
Baseline credit assessment	baa2	-
Adjusted baseline credit assessment	baa1	-
Counterparty risk assessment	A1(cr)/P-1(cr)	-
Senior unsecured	A3	stable

Strategy

In 2021, 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 2022 and 2021 which is derived from note 3 to the 2022 Consolidated Financial Statements. For a more detailed description of how the segment information has been prepared, see note 3 to the 2022 Consolidated Financial Statements.

2022	Retail Banking*	Business and Corporate Banking	Corporate and Investment Banking	ALM and Centre	Santander Consumer	Total
	<i>(PLN thousand)</i>					
Net interest income	4,011,980	1,728,890	713,214	1,886,810	1,311,413	9,652,307
<i>including internal transactions</i>	(3,123)	(4,211)	7,271	66,731	(66,668)	-
Fee and commission income	1,847,766	625,279	474,229	19,611	206,332	3,173,217
Fee and commission expense	(436,956)	(35,759)	(26,152)	(21,214)	(86,718)	(606,799)

Net fee and commission income	1,410,810	589,520	448,077	(1,603)	119,614	2,566,418
<i>including internal transactions</i>	199,575	125,175	(320,122)	(1,632)	(2,996)	-
Net other income	(118,399)	129,579	270,363	(209,520)	80,145	152,168
<i>including internal transactions</i>	5,766	105,268	(106,673)	(4,365)	4	-
Dividend income	9,626	-	938	-	75	10,639
Operating costs	(2,569,727)	(609,123)	(417,752)	(61,010)	(516,509)	(4,174,121)
Including internal transactions	-	-	-	1,423	(1,423)	-
Depreciation/amortisation	(371,391)	(60,381)	(34,332)	-	(57,481)	(523,585)
Impairment losses on loans and advances	(629,068)	(198,721)	(33,780)	453	(33,569)	(894,685)
Cost of legal risk associated with foreign currency mortgage loans	(1,428,333)	-	-	-	(310,755)	(1,739,088)
Share in net profits (loss) of entities accounted for by the equity method	83,260	-	-	789	-	84,049
Tax on financial institutions	-	-	-	(752,334)	(28,821)	(781,155)
Profit before tax	398,758	1,579,764	946,728	863,584	564,112	4,352,947
Corporate income tax						(1,344,172)
Consolidated profit for the period of which:						3,008,775
attributable to owners of the parent entity						2,799,098
attributable non-controlling interests						209,677

2021	Retail Banking*	Business and Corporate Banking	Corporate and Investment Banking	ALM and Centre	Santander Consumer	Total
						(PLN thousand)
Net interest income	3,123,188	770,510	262,028	619,121	1,187,299	5,962,146
<i>including internal transactions</i>	(1,838)	(1,831)	3,824	10,149	(10,304)	-
Fee and commission income	1,758,023	568,604	426,860	1,676	217,390	2,972,553
Fee and commission expense	(345,545)	(30,511)	(20,884)	(2,924)	(85,604)	(485,468)
Net fee and commission income	1,412,478	538,093	405,976	(1,248)	131,786	2,487,085
<i>including internal transactions</i>	171,757	117,338	(283,004)	(3,133)	(2,958)	-
Other net income	94,141	67,964	211,125	143,042	63,266	579,538

Including internal transactions	157	70,024	(66,059)	(3,746)	(376)	-
Dividend income	110,994	-	1,833	-	21	112,848
Operating costs	(2,053,628)	(439,542)	(326,996)	(83,559)	(505,561)	(3,409,286)
Including internal transactions	-	-	-	2,831	(2,831)	-
Depreciation/amortisation	(424,996)	(66,819)	(32,159)	-	(54,996)	(578,970)
Impairment losses on loans and advances	(559,030)	(231,028)	(127,407)	10,120	(216,843)	(1,124,188)
Cost of legal risk associated with foreign currency mortgage loans	(1,157,849)	-	-	-	(273,126)	(1,430,975)
Share in net profits (loss) of entities accounted for by the equity method	73,836	-	-	232	-	74,068
Tax on financial institutions	-	-	-	(583,793)	(30,645)	(614,438)
Profit before tax	619,134	639,178	394,400	103,915	301,201	2,057,828
Corporate income tax						(805,422)
Consolidated profit for the period						1,252,406
Of which:						
Attributable to owners of the parent entity						1,111,684
Attributable to non-controlling interests						140,722
<i>*includes individual customers, small and medium enterprises and Wealth Management (private banking and Santander Towarzystwo Funduszy Inwestycyjnych S.A.)</i>						

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 2022, the Bank maintained 5.6 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 2022, the Bank's personal debit card portfolio was 4.6 million cards, a 5.8 per cent. increase on 2021.

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 2022, consolidated aggregate deposits from individuals were PLN 107.9 billion, a 1.6 per cent. increase as compared to the amount as at 31 December 2021. As at 31 December 2022, the balance of savings accounts was PLN 19.3 billion, which represented a 39.9 per cent. decline as compared to the amount as at 31 December 2021.

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 2022, the total net assets under management were PLN 12.3 billion and decreased by 30.2 per cent. compared to 2021.

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 2022, the value of the cash loan portfolio increased by 2.5 per cent. compared with 2021 and, as at 31 December 2022, was PLN 15.0 billion. The Group's mortgage loan portfolio decreased by 6.3 per cent. to PLN 50.9 billion as at 31 December 2022. The value of PLN-denominated mortgage loans originated by the Group loans decreased slightly and was PLN 45.1 billion as at 31 December 2022, as compared to PLN 45.5 billion as at 31 December 2021. As at 31 December 2022, the number of credit cards issued by the Bank was 670.1 thousand, a 11.4 per cent. decrease compared with 2021. 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.

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 2022, the value of fixed assets leased by Santander Leasing was PLN 6.8 billion, as compared with PLN 6.9 billion in 2021.

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 2022, the value of the loan portfolio of the Group in the Business and Corporate Banking segment was PLN 38.2 billion.

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 2022, the value of receivables purchased by Santander Factoring was PLN 40.1 billion, a 12.8 per cent. increase compared with 2021. According to the Polish Association of Factoring Companies, Santander Factoring has a 8.6 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 2022, 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 Stellantis group through its subsidiaries Stellantis Finance Polska sp. z o.o. and Stellantis 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 2023 – 2025, 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 2022, the net amount of loans and cash advances provided by SCB and its subsidiaries was PLN 15.6 billion, which was 3.4 per cent. higher than as at 31 December 2021. The amount of deposits as at 31 December 2022 was PLN 10.3 billion, an 11.5 per cent. increase compared with 2021.

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 2022, the Bank had 335 branches, a decrease of 48 compared with 31 December 2021. Additionally, the Bank had 170 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 continues to optimise its branch network by liquidating and relocating certain branches and transforming other branches into partner outlets. As at 31 December 2022, the Bank's ATM network comprised 1,424 machines. 952 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 2022, the number of the Bank's digital customers, i.e. customers who logged into the electronic banking system at least once a month, was 3.3 million, a 9.6 per cent. increase compared with 31 December 2021. The number of users of the smartphone app increased by 11.8 per cent. to 2.5 million as at 31 December 2022.

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 2022, SCB had 50 branches (54 as at 31 December 2021), 263 partner outlets (271 as at 31 December 2021) and 348 thousand electronic banking users (237 thousand as at 31 December 2021).

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.

The Group has to satisfy the following minimum capital requirements:

- minimum capital ratios:
 - 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.;
- additional capital requirement for risk related to foreign currency mortgage loans for households:
 - a Common Equity Tier 1 capital ratio of 0.009 percentage points;
 - a Tier 1 capital ratio of 0.012 percentage points; and
 - a total capital ratio of 0.016 percentage points;
- an other systematically important institution buffer of 1 percentage point;

- a capital conservation buffer of 2.5 percentage points; and
- a P2G buffer of 0.23 percentage points.

As at 31 December 2022, 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	9.76	9.742
Total capital ratio	11.76	11.746

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Common Equity Tier 1 ratio	19.74	19.23	17.54	17.10
Tier 1 capital ratio	19.74	19.23	17.54	17.10
Total capital ratio	21.80	21.56	19.27	19.05

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

	<u>31 December</u>	
	<u>2022</u>	<u>2021</u>
	(per cent.)	
Tier 1 capital ratio	27.50	25.80
Capital ratio	29.15	27.37

The Bank, as a member of the Santander Group, a global systematically important bank, is required to maintain minimum regulatory total loss-absorbing capacity (**TLAC**). The minimum TLAC requirement for the Group as at 30 June 2023 was 21.50 per cent. of the Group's total risk exposure amount (**TREA**). As at 30 June 2023 the Group's TLAC calculated as the ratio of own funds and eligible liabilities in relation to TREA was 24.86 per cent. and the Group's TLAC calculated as own funds and eligible liabilities in relation to the total exposure measure (**TEM**) was 12.67 per cent.

The Group is also required to meet the requirements for own funds and eligible liabilities (**MREL**) based on the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms. On 5 May 2023 the BGF informed the Bank of the joint decision taken together with the resolution college for the Santander Group established by the Single Resolution Group, setting out the MREL requirement at 15.39 per cent. of the Group's TREA and 5.91 of the Group's TEM. In accordance with the Polish regulations implementing Article 128 of the CRD, Common Equity Tier 1 instruments held to satisfy

the combined buffer requirement are not eligible for meeting the MREL requirement expressed as a percentage of TREA. Therefore the Group has to maintain MREL of at least 18.89 per cent. of TREA. The Group should meet these requirements by 31 December 2023. As at 30 June 2023 the Group met the applicable MREL requirements with the Group's MREL expressed as a percentage of TREA being 24.86 per cent. and the Group's MREL expressed as a percentage of TEM being 12.67 per cent.

Borrowings

As at 31 December 2022, the Group had outstanding liabilities, under loans granted to the Group and debt securities issued by the members of the Group, of PLN 19.7 billion. The table below gives primary information on the outstanding debt securities issued by the Group:

<u>Issuer</u>	<u>Type of securities</u>	<u>Currency</u>	<u>Principal amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Listing</u>
Bank	Bonds	EUR	750,000,000	29 November 2021	29 November 2024	Dublin
Bank	Bonds	EUR	500,000,000	30 March 2022	30 March 2024	Dublin
SCB	Bonds	PLN	300,000,000	28 October 2022	6 December 2024	none
Santander Consumer Multirent sp. z o.o. (SCM)	Bonds	PLN	220,000,000	6 December 2021	6 December 2023	none
SCM	Bonds	PLN	265,000,000	26 October 2022	28 October 2024	none
S.C. Poland Consumer 23-1 DAC	Bonds	PLN	1,000,000,000	1 December 2022	16 November 2032	None
SCM Poland Auto 2019-1 DAC	Bonds	PLN	891,000,000	20 July 2020	31 July 2028	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 2022 and 31 December 2021:

Transactions with associates	<u>As at or for the year ended 31 December 2022</u>	<u>As at or for the year ended 31 December 2021</u>
	<i>(PLN thousand)</i>	
Assets	214	63
Loans and advances to customers	154	-
Other assets	60	63
Liabilities	56,298	50,783
Deposits from customers	56,243	50,708
Other liabilities	55	75
Income	68,411	58,969
Interest income	10	-
Fee and commission income	68,396	58,969
Other operating income	5	-
Expenses	1,679	65
Interest expense	1,679	65

Transactions with Santander Group

	<u>with the parent company</u>		<u>with other entities</u>	
	<i>(PLN thousand)</i>			
	<u>As at or for the year ended 31 December</u>		<u>As at or for the year ended 31 December</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets	10,301,473	2,205,680	1,749	28,379
Loans and advances to banks, incl:	6,202,306	406,371	1,749	20,773
<i>Current accounts</i>	566,447	406,371	1,749	20,773
<i>Loans and advances</i>	5,635,859	-	-	-
Financial assets held for trading	4,098,301	1,797,764	-	-
Other assets	866	1,545	-	7,606
Liabilities	10,988,611	7,643,555	108,574	254,932
Deposits from banks incl.:	1,288,557	1,879,707	17,142	119,507
<i>Current accounts and advances</i>	595,307	138,571	17,142	119,507
<i>Loans from other banks</i>	693,250	1,741,136	-	-
Financial liabilities held for trading	3,796,232	1,850,935	-	-
Deposits from customers	-	-	70,288	84,647
Lease liabilities	-	-	25	25
Debt securities in issue	5,899,300	3,910,233	-	-
Other liabilities	4,522	2,680	21,119	50,753
Contingent liabilities	3,326,481	5,325,641	5,320	64,355
Granted:	-	-	3,827	32,536
<i>guarantees</i>	-	-	3,827	32,536
Received:	3,326,481	5,325,641	1,493	31,819
<i>guarantees</i>	3,326,481	5,325,641	1,493	31,819
Derivatives' nominal values	231,138,041	165,965,533	-	-
Cross-currency interest rate swap (CIRS) – purchased	6,346,764	6,941,045	-	-
Cross-currency interest rate swap (CIRS) – sold	6,253,250	6,976,396	-	-
Single-currency interest rate swap (IRS)	119,850,295	74,002,414	-	-
Forward rate agreement (FRA)	22,522,500	2,981,000	-	-
Options interest rate	5,686,116	7,549,446	-	-
FX swap – purchased amounts	23,128,822	24,401,830	-	-
FX swap – sold amounts	23,552,024	24,286,741	-	-
FX options – purchased CALL	5,646,198	4,201,387	-	-
FX options – purchased PUT	5,754,442	4,196,081	-	-
FX options – sold CALL	5,277,238	4,909,590	-	-
FX options – sold PUT	5,886,463	5,041,365	-	-
Spot – purchased	531,156	121,087	-	-
Spot – sold	531,264	120,956	-	-
Forward – purchased	63,919	53,128	-	-
Forward – sold	58,400	53,365	-	-
Window forward – purchased amounts	24,987	65,190	-	-
Window forward – sold amounts	24,203	64,512	-	-
Capital derivatives contract – purchased	-	-	-	-
Income	1,050,920	365,524	13,051	8,717
Interest income	28,159	(2,825)	6	20
Fee and commission income	14,176	8,633	645	280
Other operating income	317	1,172	12,400	8,417
Net trading income and revaluation	1,008,268	358,544	-	-

Expenses	135,895	67,067	135,248	105,416
Interest expense	81,726	22,354	3,706	13
Fee and commission expense	7,689	7,811	347	697
Net trading income and revaluation	-	-	(3)	246
Operating expenses incl.:	46,480	36,902	131,198	104,460
<i>Staff, Operating expenses and management costs</i>	<i>46,478</i>	<i>36,837</i>	<i>131,198</i>	<i>104,460</i>
<i>Other operating expenses</i>	<i>2</i>	<i>65</i>	<i>-</i>	<i>-</i>

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 2022 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.

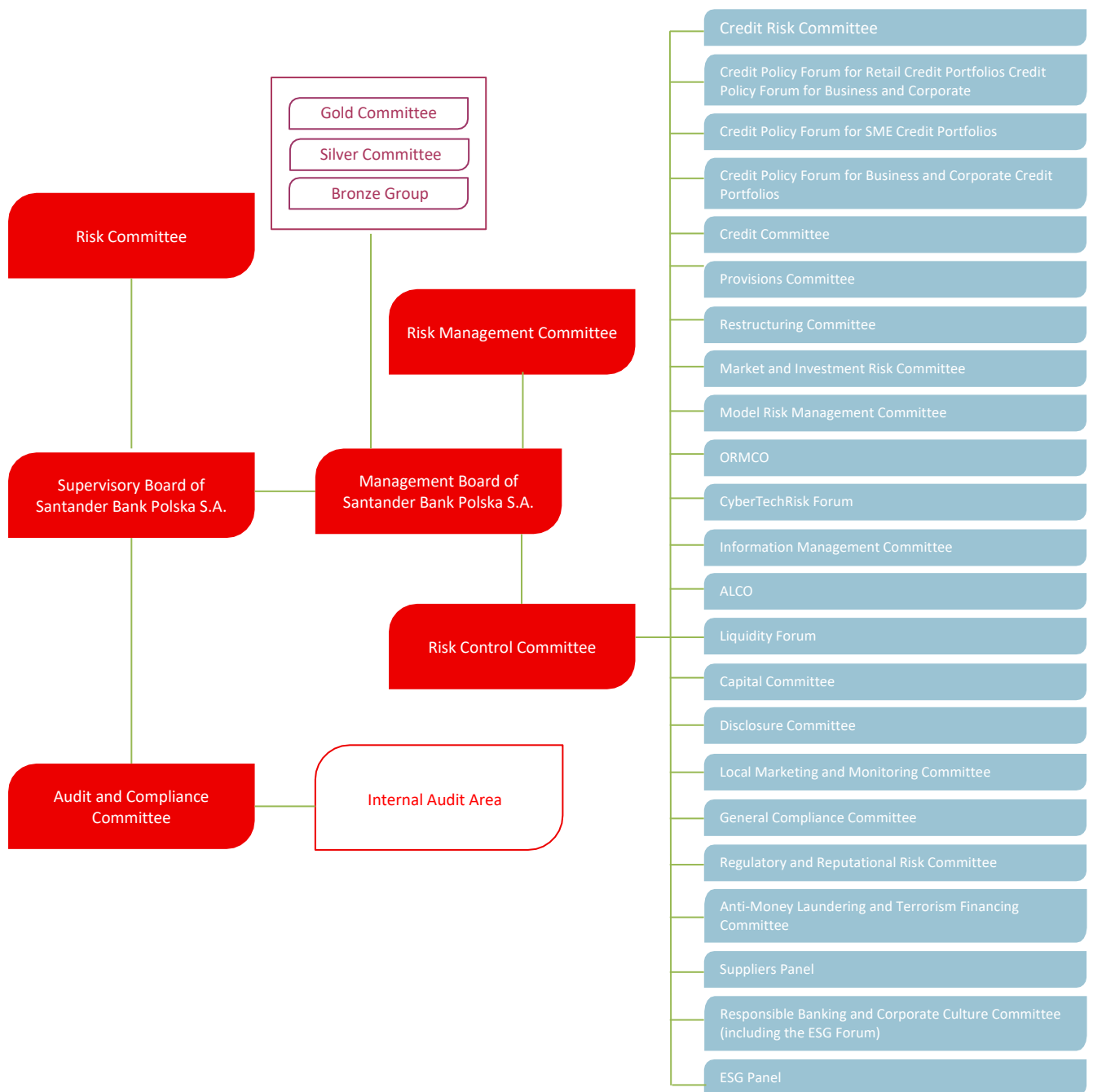
The risk management process takes place at every level of the Bank's operations: from individual business units, through specialised units responsible for the identification, measurement, monitoring, control and mitigation of risk, to the major decision-making bodies: the Management Board and the Supervisory 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 Risk Control Committee supervises the activities of the below-listed committees operating in the risk management field:

- Credit Risk Committee, which approves and supervises the risk management policy and risk measurement methodology as well as monitors credit risk of consolidated credit portfolio or in cases pertaining to more than one business segment;
- Credit Policy Forum for Retail Portfolios/SME Portfolios/Business and Corporate Loans Portfolios, which are authorised to approve and supervise the risk measurement policy and methodology, and monitoring credit risk only in relation to their respective business segments.

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

- Credit Committee, which makes credit approval decisions in accordance with the applicable discretion levels;
- Provisions Committee, which takes decisions on impairment charges in an individual and collective approach for credit exposures, as well as other financial instruments and assets and on legal risk provisions. Moreover, the Provisions Committee monitors credit loss allowances, reviews the adequacy of parameters applied when setting the impairment in an individual and collective approach for the Group, excluding SCB, and takes decisions about sales of loan portfolios;
- Recovery Committee, which takes decisions as to the dealing with borrowers in distress, including with respect to the relationship management strategy, approval of the causes of loss analysis and monitoring of the portfolio and effectiveness of recovery processes;
- Market and Investment Risk Committee, which approves and supervises the risk management policy and risk measurement methodology as well as monitors market risk in the banking book, market risk in the trading book, structural risk for the balance sheet, liquidity risk and investment risk;
- Model Risk Management Committee, which is responsible for model risk management as well as supervises the methodology of models used in the Group;
- 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
- The Responsible Banking and Corporate Culture Committee is the main forum to discuss issues concerning responsible banking, sustainable development, ESG and corporate culture. It sets the direction of strategic activities and monitors the related objectives. As part of the Committee, the ESG Forum has been established to analyse challenges, opportunities and risks related to the EU Sustainable Finance agenda, including ESG risks, plan activities and coordinate their implementation at the Bank, and to submit regular reports to the Responsible Banking and Corporate Culture Committee and the Bank's Management Board.

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 50 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
Retail customers	
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
Business customers	
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
Amendments to already granted loans	additional guarantees
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 2022 and 31 December 2021 and impairment allowances for expected credit losses on loans and advances measured at amortised cost for 6-month period ended 30 June 2022 and 30 June 2023. 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	<u>31 December 2022</u>	<u>31 December 2021</u>
	<i>(in PLN million)</i>	
Stage 1		
Gross value	139,572.7	135,098.8

Expected credit loss allowance	(677.5)	(694.1)
Stage 2		
Gross value	8,243.5	7,353.7
Expected credit loss allowance	(775.3)	(594.2)
Stage 3		
Gross value	6,921.7	6,888.0
Expected credit loss allowance	(4,274.2)	(4,356.7)
POCI		
Gross value	779.7	624.5
Expected credit loss allowance	(150.3)	(212.3)
Gross loans and advances	155,517.6	149,965.0
Expected credit loss allowance	(5,877.3)	(5,857.3)
Net loans and advances to customers measured at amortised cost and finance lease receivables	149,640.3	144,107.7
Non-performing (credit-impaired) loan ratio	4.95%	5.01%
Non-performing loan coverage ratio	57.5%	60.8%

	1 January 2023 - 30 June 2023 (unaudited)	1 January 2022 - 30 June 2022 (unaudited)
Net expected credit loss allowances on loans and advances measured at amortised cost		
	<i>(in PLN million)</i>	
Charge on loans and advances to banks	(1.5)	-
Stage 1	(1.5)	-
Stage 2	-	-
Stage 3	-	-
POCI	-	-
Charge on loans and advances to customers	(620.6)	(275.8)
Stage 1	(91.0)	(45.2)
Stage 2	(291.2)	(148.5)
Stage 3	(282.3)	(142.5)
POCI	43.9	60.4
Recoveries of loans previously written off	34.6	42.1
Stage 1	-	-
Stage 2	-	-
Stage 3	34.6	42.1
POCI	-	-
Off-balance sheet credit related facilities	(2.7)	4.2
Stage 1	(3.3)	4.2
Stage 2	(3.1)	1.4
Stage 3	3.7	(1.3)
POCI	-	-
Total	(590.2)	(229.5)

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 Otworthy Fundusz Emerytalny and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny	5,123,581	5.01
Other shareholders	28,184,959	27.58
Total	102,189,314	100

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 19 April 2023 the Bank's General Meeting adopted a resolution concerning the distribution of the Bank's net profit for the period from 1 January 2022 to 31 December 2022 in the following manner: (i) PLN 72,357,000.00 was allocated to the Bank's capital reserve; and (ii) PLN 2,376,685,525.50 was

allocated to the dividend reserve. PLN 840,886,574.78, which represents the undistributed profit earned on the sale of shares in Aviva insurance companies was allocated to the dividend reserve.

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 2022, the value of all court cases in which the Group was involved was PLN 5,634,583 thousand. This includes PLN 1,384,887 thousand claimed by the Group, PLN 4,175,352 thousand in claims against the Group and PLN 74,344 thousand of the Group's receivables due to bankruptcy or arrangement proceedings. As at 31 December 2022, the value of provisions for legal risk connected with foreign currency mortgage loans was PLN 420,952 thousand, the value of provisions for reimbursement of costs relating to early repayment of consumer loans was PLN 52,233 thousand and the value of provisions for other legal claims was PLN 132,337 thousand. No individual case's value exceeds 10 per cent. of the Group's equity. As at 30 June 2023, the value of all court cases in which the Group was involved was PLN 8,462,456 thousand. This includes PLN 2,712,104 thousand claimed by the Group, PLN 5,673,170 thousand in claims against the Group and PLN 77,182 thousand of the Group's receivables due to bankruptcy or arrangement proceedings. The table below shows the value of all court cases in which the Bank is involved.

	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
		<i>(in PLN thousand)</i>	
Amounts claimed by the Group	2,712,104	1,384,887	1,133,832
Claims against the Group	5,673,170	4,175,352	2,533,296
Receivables due to bankruptcy or arrangement proceedings	77,182	74,344	54,775
Value of all litigation	8,462,456	5,634,583	3,721,903
Completed court proceedings	278,279	254,496	659,326

Disputes relating to CHF Mortgage Loans

The Group's CHF Mortgage Loan portfolio

As at 31 December 2022, the Group had retail exposures of PLN 8,393,684 thousand in respect of mortgage loans denominated in, or indexed to, CHF. As at 31 December 2022, there were 12,225 lawsuits pending against the Group over loans indexed to, or denominated in, a foreign currency (mainly CHF), with the disputed amount totalling PLN 3,609,610.0 thousand. This included two class actions: (i) a class action against the Bank in respect of 559 CHF-indexed loans, with the disputed amount of PLN 50.983.0 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 2022, the Group estimated the total cumulative impact of legal risk associated with the CHF Mortgage Loans in the Group to be PLN 3,557,253 thousand, including:

- IFRS 9 adjustment to the gross carrying amount at PLN 3,136,301 thousand (including PLN 2,491,692 thousand in the case of the Bank and PLN 644,609 thousand in the case of SCB); and
- IAS 37 provision at PLN 420,952 thousand (including PLN 318,682 thousand in the case of the Bank and PLN 102,270 thousand in the case of SCB).

As at 30 June 2023, the Group had retail exposures of PLN 6,847,227 thousand in respect of mortgage loans denominated in, or indexed to, CHF. As at 30 June 2023, there were 14,948 lawsuits pending against the Group over loans indexed to, or denominated in, a foreign currency (mainly CHF), with the disputed amount totalling, PLN 4,879,732 thousand. This included two class actions: (i) a class action against the Bank in respect of 354 CHF-indexed loans, with the disputed amount of PLN 50,983 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 30 June 2023, the Group estimated the total cumulative impact of legal risk associated with the CHF Mortgage Loans in the Group to be PLN 4,003,025 thousand, including:

- IFRS 9 adjustment to the gross carrying amount at PLN 3,437,590 thousand (including PLN 2,747,721 thousand in the case of the Bank and PLN 689,869 thousand in the case of SCB); and
- IAS 37 provision at PLN 565,435 thousand (including PLN 415,117 thousand in the case of the Bank and PLN 150,318 thousand in the case of SCB).

The tables below present the total cost of legal risk connected with mortgage loans recognised in the Group's income statement and statement of financial position, including the cost of settlements.

Cost of legal risk connected with foreign currency mortgage loans	1 January 2023 – 30 June 2023	1 January 2022 – 30 June 2022
	<i>(PLN thousand)</i>	
Impact of legal risk associated with foreign currency mortgage loans recognised as adjustment to gross carrying amount	(755,557)	(738,354)
Impact of legal risk associated with foreign currency mortgage loans recognised as provision	(179,585)	(126,306)
Other costs	(214,337)	(82,719)
Total cost of legal risk associated with foreign currency mortgage loans	(1,149,479)	(947,379)
Gain/loss on derecognition of financial instruments measured at amortised cost	(263,343)	(38,911)
including: settlements made	(267,541)	(40,825)
Total cost of legal risk associated with foreign currency mortgage loans and settlements made	(1,417,020)	(988,204)

Other costs include but are not limited to the costs of court proceedings and costs of enforcement of court judgments.

	30 June 2023	31 December 2022
	<i>(PLN thousand)</i>	
Adjustment to gross carrying amount in respect of legal risk associated with foreign currency mortgage loans	3,437,590	3,136,301
Provision for legal risk associated with foreign currency mortgage loans	565,435	420 952

Total cumulative impact of legal risk associated with foreign currency mortgage loans	4,003,025	3,557,253
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As at 30 June 2023, the total adjustment to the gross carrying amount and provisions for legal risk and legal provisions (for legal claims and a collective portion) account for 58.5 per cent. of the gross value of the active CHF Mortgage Loans portfolio (before adjustment to the gross carrying amount in line with IFRS 9).

The increase in the cost of legal risk between January 2023 and June 2023 is a result of an update of the number of expected settlements and expected lawsuits as well as change in total loss in respect of cases potentially lost by the Group resulting from changes in the expected rulings and the assumed level of the likelihood of claims being resolved in favour of customers.

The Group used a statistical model to estimate the likelihood of claims being made by borrowers in relation to both active and repaid loans based on the existing lawsuits against the Group and the estimated growth in their number. The model assesses the so-called lifetime risk and is based on a range of behavioural characteristics related to the loan and the customer. The Group assumes that lawsuits have been or will be filed against the Group in relation to approximately 25.4 per cent. of loans (both active and repaid). 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 costs of proceedings. Customers' interest in proposed settlements is another important aspect affecting the estimates, as is the practice of Polish courts regarding the implementation of the CJEU rulings. The Group expects that most of the lawsuits will be filed by the end of 2024, and then the number of new claims will drop as the legal environment will become more structured.

In the Group's opinion, the expected number of cases estimated based on the statistical model is also characterised by uncertainty owing to such factors as: 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 initiating and continuing the court proceedings.

For the purpose of calculating the costs of legal risk, the Group also estimated how likely it is that a particular number of lawsuits will be filed and what are the possible scenarios in this respect. The likelihoods differ between loans indexed to CHF and loans denominated in CHF. The likelihood of an unfavourable ruling for the Group is higher for the loans indexed to CHF and lower for the loans denominated in CHF. The Group also considered the protracted proceedings in some courts. As at 30 June 2023, 1,734 final and non-appealable judgments were issued in cases against the Group (including those passed after the CJEU ruling of 3 October 2019), of which 1,655 were unfavourable to the Group, and 79 were entirely or partially favourable to the Group. When assessing these likelihoods, the Group used the support of law firms and conducted thorough analysis of the ruling practice in cases concerning indexed and denominated loans.

As the current ruling practice is not unanimous, the Group considers the following scenarios of possible court rulings that might lead to financial losses:

- annulment of the whole loan agreement due to unfair clauses, with only the principal amount to be reimbursed by the borrower;
- annulment of the clauses of the loan agreement identified as unfair, resulting in the conversion of the loan into PLN with an interest rate based on a rate relevant for CHF;
- conversion of the loan to PLN with an interest rate based on WIBOR;

- rulings leading to the settlement by the borrower of the disbursed principal amount of the loan, taking into account the changes in the time value of money; and
- annulment of the clauses of the loan agreement clauses identified as unfair concerning the FX differences determination mechanism, resulting in the average NBP rate to be applied.

These scenarios also vary in terms of likelihood depending on the type of agreement and in terms of the level of losses incurred in case of their materialisation. They were estimated with the support of external law firms independent from the Group. Each of these scenarios has an estimated expected loss level based on the available historical data.

The Group also considers an additional scenario in which it may incur financial loss on account of additional claims made by the borrower beyond the reimbursement of the nominal amount of the instalments paid.

Practice of the Polish common courts

The prevailing practice of Polish courts is the annulment of a loan agreement because of unfair clauses concerning loan indexation and application of an exchange rate from the bank's FX table. Some courts issue judgments as a result of which the loan is converted to PLN, the unfair indexation mechanism is removed and the loan is treated as a loan denominated in PLN with an interest rate based on a rate relevant for CHF. Certain courts adjudicate partly in favour of banks and deem unfair only the application of an exchange rate based on the bank's FX table and replace it with an objective indexation rate, i.e. an average NBP exchange rate. Certain courts decide on the removal of loan indexation, as a consequence of which the loan is treated as a loan denominated in PLN with an interest rate based on WIBOR. There were also judgments which declared loan agreements void due to unlawful terms. These judgments are rare and, in the Group's view, have no significant impact on the assessment of legal risk of court proceedings regarding CHF Mortgage Loans. There are also rulings which are entirely favourable to banks, where conversion clauses are not deemed to be unfair and the case against the bank has been dismissed.

Rulings of the CJEU and the Supreme Court

Set out below is a description of certain rulings issued by the CJEU and the Supreme Court in connection with the CHF Mortgage Loans. Although not all of the rulings described below concerned loans in the Bank's portfolio, the Bank is of the view that they are relevant considerations to the Bank because they may constitute an important guideline for courts to take into consideration resolving disputes concerning CHF Mortgage Loans granted by the Bank.

The Supreme Court was supposed to present a comprehensive opinion on CHF loans in response to the questions asked by the First President of the Supreme Court in 2021 (case no. III CZP 11/21). However, the proceedings are suspended and will be resumed once the CJEU issues a preliminary ruling in the same case.

In the resolution passed in 2021 (case no. III CZP 6/21), the Supreme Court expressed its opinion on several matters relevant to the CHF Mortgage Loans concerning settlements between the parties in case of annulment of a loan agreement. It stated that the parties must each reimburse to the other any payments made under the agreement in accordance with the two separate claims theory. At the same time, the Supreme Court held that there are legal instruments in place, such as set-off and the right of retention, which make it possible to concurrently account for mutual settlements in relation to unjust enrichment following the annulment of a loan agreement. The Supreme Court also pointed out that the limitation of the bank's claims for return of unjust enrichment may not commence until the agreement is considered permanently ineffective, i.e. until the consumer takes an informed decision as to invalidity of the agreement, after they have been duly informed about the unfairness of contractual provisions and

the related effects. This is in line with the opinion issued by the CJEU in respect of the limitation period for the consumer's claims for reimbursement of instalments paid following the annulment of the agreement, stating that it would be unreasonable to assume that this period should begin to run from the date of each payment made by the consumer as the consumer might not be aware of the existence or nature of unfair terms in the agreement.

The Supreme Court has not yet taken a clear position on the banks' claims going beyond reimbursement of the principal of the loan. However, it indicated such possibility in one of its judgments in which it stated that the CJEU case law does not preclude such consequence of the annulment of a loan agreement (case no. V CSK 382/18).

In its ruling practice, the CJEU generally gives priority to the protection of consumer's interests violated by unfair contractual terms. At the same time, it reiterates that the main objective of the UTCC is to restore the balance between the parties, i.e. to restore the legal and factual situation which the consumer would have been in had it signed the agreement without the unfair terms, while not undermining the purpose of the UTCC (detering sellers or suppliers from including unfair terms in agreements). Therefore, the court should first endeavour to keep the agreement in existence without the unfair terms, where possible (i.e. if the main subject of the agreement is not changed). At the same time, the CJEU holds that it is permissible for the unfair term to be replaced by a supplementary provision of national law (even one that entered into force after the conclusion of the agreement) or a rule which the parties have opted for. Recently, the CJEU has presented a new approach: that the parties should restore the balance through negotiations within the framework set by the court, this way protecting the consumer from adverse effects of the annulment of an agreement (particularly the need to immediately reimburse the amounts due to the bank). The CJEU takes the view that an agreement should be invalidated only as a last resort and only after the court presents the borrower with consequences of this solution and the borrower agrees to it. In order to ensure that the agreement can continue in existence, the court should apply all available measures, including an analysis of the possibility of removing only some of the clauses considered unfair without changing the substance of the contractual obligation. Nevertheless, the prevailing ruling practice of national courts is the annulment of the agreement as a consequence of removal of unfair terms.

The CJEU pointed out on several occasions (e.g. in cases no. C-6/22, C-349/18 to C-351/18) that settlements between the parties following the annulment of an agreement are governed by national law (provided that the objectives of the UTCC are met). As a consequence, the national courts have the exclusive jurisdiction over claims for restitution. At the same time, losses arising from the annulled agreement should not be equally distributed, i.e. the consumer should not incur a half or more than a half of the related costs.

The District Court for Warsaw–Śródmieście requested a preliminary ruling from the CJEU on claims of the parties for settlement of amounts arising from the use of the capital in the case of annulment of an agreement pursuant to the UTCC. One case concerned the borrower's claims against the bank for the return of profits made using the money paid by the borrower (case no. C-520/21) and the other case concerned the bank's claims for consideration in respect of the provision of funds under a loan agreement (case no. C-756/22).

The judgment in case no. C-520/21 was passed on 15 June 2023. The CJEU stated that "in the context of the annulment in its entirety of a mortgage loan agreement on the ground that it cannot continue in existence after the removal of the unfair terms, Article 6(1) and Article 7(1) of the UTCC must be interpreted as:

- not precluding a judicial interpretation of national law according to which the consumer has the right to seek compensation from the credit institution going beyond reimbursement of the monthly instalments paid and the expenses paid in respect of the performance of that agreement together with the payment of default interest at the statutory rate from the date on which notice

is served, provided that the objectives of the UTCC and the principle of proportionality are observed; and

- precluding a judicial interpretation of national law according to which the credit institution is entitled to seek compensation from the consumer going beyond reimbursement of the capital paid in respect of the performance of that agreement together with the payment of default interest at the statutory rate from the date on which notice is served".

In its judgment, the CJEU confirmed that the effects of the annulment of an agreement are governed by the national law subject to the provisions of the UTCC. Consequently, claims for restitution will be assessed by the national court after examining the facts of the case. The grounds of judgment indicate that the bank's claims going beyond the reimbursement of the loan principal are contrary to the objectives of the UTCC, if they would cause the bank to make a similar profit to the one intended to be earned in the performance of the agreement. The deterrent effect would thus be eliminated. Having preliminarily analysed the reasons for judgment, the Group has concluded that in the circumstances presented by the CJEU it could be possible for banks to claim reimbursement of the loan principal adjusted for changes in the time value of money over the period of more than ten years since the annulment of the loan agreement.

At the same time, the CJEU held that the EU law does not preclude the consumer from seeking compensation from the bank beyond reimbursement of the instalments paid. That said, the CJEU asserted that such claims should be assessed in the light of all the facts of the case to ensure that potential benefits derived by the consumer after annulment of the agreement do not go beyond what is necessary to restore the legal and factual situation they would have been in if they had not concluded a defective agreement and that the benefits are not a disproportionate penalty on a seller or supplier (proportionality principle). Furthermore, as any such claims will be assessed in accordance with national laws on unjust enrichment, the decision to uphold them would be questionable as there is no actual enrichment on the part of the bank as a result of the use of funds paid by the borrower (the borrower only returns to the bank the money provided by the bank under an agreement declared invalid).

The case no. C-520/21 concerned only additional claims of the consumer following the annulment of a loan agreement. The case no. C-756/22, in which concerns directly the bank's claims, is pending.

The final assessment of legal risk related to claims of the parties for consideration arising from the non-contractual use of the capital in the case of annulment of the agreement will largely depend on the ruling practice of national courts with regard to the enforcement of CJEU judgments and on the opinion of the Supreme Court.

As there is no unanimous ruling practice and, in the Bank's opinion it is not possible to predict the Supreme Court's decisions in individual cases, and there are still questions pending preliminary ruling by the CJEU, at the date of this Base Prospectus the Group estimated the legal risk associated with the CHF Mortgage Loans portfolio using a model which considers different possible judgments (in the form of adjustment to the gross carrying amount for active exposures or provisions for inactive exposures), including those which are the subject of the request for the resolution of the entire Civil Chamber of the Supreme Court. The model can also be affected by subsequent CJEU rulings on questions referred by the Polish courts, the position of the Supreme Court and the ruling practice of national courts. The Group is monitoring court decisions taken with regard to foreign currency loans in terms of the ruling practice and its possible changes. The model might also be affected by a potential intervention of legislators aimed to restore the balance between the parties following the removal of the unfair clause to protect legal relationships from mass annulment of mortgage loan agreements.

Settlements

In December 2020, the Chairman of the KNF presented a proposal for voluntary settlements between banks and borrowers under which CHF Mortgage Loans would be retrospectively settled as loans denominated in PLN with an interest rate based on WIBOR increased by a margin. The Group prepared settlement proposals which take into account both the key elements of conversion of the CHF Mortgage Loans proposed by the Chairman of KNF and the conditions defined internally by the Bank. This is reflected in the model which is currently used to calculate provisions for legal risk, both in terms of the impact of proposed settlements on the customers' willingness to bring a case to court and with respect to the potential outcomes of court proceedings. As at 30 June 2023, the Group entered into 7,374 settlements (both before court proceedings being initiated and during court proceedings).

Sensitivity analysis

Due to high uncertainty around both individual assumptions and their total impact, the Group carried out the following sensitivity analysis of the estimated impact of legal risk by assessing the influence of variability of individual parameters on the level of that risk.

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

Taking into account the variability of the parameters outlined below, as at 30 June 2023 the impact of legal risk estimated on a collective basis is affected as follows:

Scenario	Change in the collective provision as at 30 June 2023	Change in the collective provision as at 31 December 2022
	<i>(PLN million)</i>	
Tripling the number of customers filing a lawsuit	2,111	2,058
Doubling the number of customers filing a lawsuit	1,055	1,029
50% reduction in the number of customers filing a lawsuit	(528)	(514)
Relative increase of 5% in the likelihood of losing the case	53	50
Relative decrease of 5% in the likelihood of losing the case	(53)	(49)

For all the parameters, the variability range in the sensitivity analysis was estimated taking into account 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 variability of the parameters outlined below, the provision for individual legal claims as at 30 June 2023 and in the comparative period is affected as follows:

Scenario	Change in the individual provision as at 30 June 2023	Change in the individual provision as at 31 December 2022
	<i>(PLN million)</i>	
Relative increase of 5% in the likelihood of losing the case	144	115
Relative decrease of 5% in the likelihood of losing the case	(144)	(113)

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:

Name	Position
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
María Elena Lanciego Pérez	Member of the Management Board
Patryk Nowakowski	Member of the Management Board
Magdalena Proga-Stępień	Member of the Management Board
Maciej Reluga	Member of the Management Board
Dorota Strojowska	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 Gałkowski

Lech Gałkowski 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.

María Elena Lanciego Pérez

María Elena Lanciego Pérez graduated from the University of Salamanca (Economics and Business Management – Financial Audit and Consulting). She completed a number of courses in management, as well as post-graduate studies at Stanford and Helsinki Universities. She holds an MBA from DEUSTO Business School and Adolfo Ibañez School of Management.

Her entire professional carrier has been with Santander Group, which she joined in 1993. Her vast professional experience has been earned in six Global Divisions of Santander Group: Internal Audit, International Private Banking, Asset Management & Insurance, Global Corporate and Investment Banking, Commercial Division, Consumer Banking, Strategy and Corporate Development.

María Elena Lanciego Pérez has performed both control functions (risk management, compliance, financial control) and business roles (in segments such as Select, Affluent, Private Banking, Commercial Banking and Corporate and Investment Banking) and well as functions related to strategic planning and transformation.

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.

Magdalena Proga-Stępień

Magdalena Proga-Stępień is a graduate of SGH – Warsaw School of Economics (faculties: Master of Finance & Banking International Economic & Political Relations). She holds an MBA diploma of Northwestern University in Illinois, Kellogg School of Management.

Magdalena Proga-Stępień is a leader with more than 20 years of experience in the financial sector transformation, change management and business development. She is an advocate of new technologies and digital transformation as well as supporter of diversity, inclusion and entrepreneurship.

She joined the Bank in 2021. Prior to taking up the role of the Management Board member, she was the Head of Distribution responsible for individual, affluent and SME business segments, CRM and distribution transformation.

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.

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.

Name	Position
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
Adam Celiński	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
Jerzy Surma	Member of the Supervisory Board
Marynika Woroszyńska-Sapieha	Member of the Supervisory Board

Antonio Escámez Torres

Antonio Escámez Torres holds 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.

Adam Celiński

Adam Celiński is a graduate of Warsaw School of Economics and the Glasgow University. He has been a member of the Association of Chartered Certified Accountants since 1996, and in 2000, he became a Polish registered auditor. For nearly 30 years he worked for PricewaterhouseCoopers where he held various positions in Central and Eastern Europe and Asia.

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.

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 2022, the Group had 11,309 employees (full time equivalent) as compared to 11,323 employees (full time equivalent) as 31 December 2021. 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 stagnated during the first half of 2023. Domestic demand declined notably, mainly due to weak consumption and a fall in inventories. On the other hand, capital expenditures and exports increased. The labour market is in good condition and the unemployment rate in August 2023 was 5.0 per cent. The lay-offs in the manufacturing sector were compensated by increased employment in the services and public sectors. The inflation rate remains high although it started decreasing from the peak level of 18.4 per cent. year-on-year in February 2023 and reached 8.2 per cent. in August 2023. In terms of monetary policy, the main reference rate is 5.75 per cent. In the first half of 2023 activity in the credit markets was low and the value of loan portfolios remained stable because individual borrowers were reluctant to incur new indebtedness and a decrease in commodities prices reduced the corporate demand for new financing. The amount of deposits increased by approximately 10 per cent. year-on-year. PLN strengthened against both EUR and USD. The majority of the WSE indices grew in the first half of 2023.

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 30 May 2023, there were 30 commercial banks in Poland, 34 branches of credit institutions and 492 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 30 May 2023, the share of top five banks in total banking assets stood at 59.2 per cent. (compared with 57.5 per cent. as at the end of December 2022).

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 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 30 May 2023 42.0 per cent. of the total assets of the Polish banking sector belonged to foreign-owned banking groups.

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.

Institutional Protection Scheme for Commercial Banks

On 10 June 2022, the KNF approved the agreement and recognised the institutional protection scheme created in accordance with Article 130c of the Banking Law by eight Polish commercial banks (the Bank, Alior Bank S.A., BNP Paribas Bank Polska S.A., ING Bank Śląski S.A., mBank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A. and Bank Millennium S.A.). The above-mentioned banks signed the protection scheme agreement and established a managing entity operating in the form of a joint stock company, System Ochrony Banków Komercyjnych S.A. (**SOBK**). The protection scheme can be joined by other local banks provided they satisfy the terms and conditions set out in general law and in the protection scheme agreement. As part

of the system, an aid fund has been established to which the participating banks provided cash contributions. Further contributions to the aid fund will require a unanimous resolution of the general meeting of shareholders of the SOBK. The aid fund may be used to ensure the liquidity and solvency of the participants of the scheme, support resolution of a bank conducted by the BGF and the takeover of a bank being a joint-stock company pursuant to Art. 146b paragraph 1 of the Banking Law. On 30 September 2022 the SOBK provided financial support for the resolution process concerning Getin Noble Bank S.A.

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 Regulation (EU) 2016/679 (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 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 ECB 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" below.

1. Introduction

- 1.1 *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**).
- 1.2 *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.
- 1.3 *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/>).
- 1.4 *Agency Agreement:* The Notes are the subject of an issuing and paying agency agreement dated 5 October 2023 (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.
- 1.5 *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 5 October 2023 (the **Deed of Covenant**) entered into by the Issuer.

- 1.6 *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.
- 1.7 *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**

- 2.1 *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, moratorium, 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 (1) 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:

Y₁ is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M₂ is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

D₁ is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

D₂ 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 D₁ is greater than 29, in which case D₂ 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:

Y₁ is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

D₁ is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

D₂ 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 D₂ 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:

Y₁ is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

D₁ 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 D₁ will be 30; and

D₂ 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 D₂ 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;

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;

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.

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 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.;

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

Make Whole Redemption Price has the meaning given in Condition 9.5 (*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 9.5 (*Redemption and Purchase – Redemption at the option of the Issuer*);

Noteholder, in the case of Bearer Notes, has the meaning given in Condition 3.2 (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3.4 (*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 7.8 (*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 (in Polish: *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 (in Polish: *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 9.5 (*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;

T2 means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor or replacement for that system;

TARGET Settlement Day means any day on which T2 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.

2.2 *Interpretation:* In these Conditions:

- (a) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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;

- (f) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (g) if an expression is stated in Condition 2.1 (*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;
- (h) 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; and
- (i) any reference to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

3. **Form, Denomination, Title and Transfer**

- 3.1 *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.
- 3.2 *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.
- 3.3 *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.
- 3.4 *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.
- 3.5 *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.
- 3.6 *Transfers of Registered Notes:* Subject to paragraphs 3.9 (*Closed periods*) and 3.10 (*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.

- 3.7 *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph 3.6 (*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.
- 3.8 *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.
- 3.9 *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.
- 3.10 *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.
- 3.11 *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

- 4.1 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

subcategory four of category three of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law and shall rank:

- (a) junior to any liabilities of the Issuer falling into categories one and two and subcategories one to three of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law;
- (b) *pari passu* among themselves and with any other liabilities of the Issuer falling into subcategory four of category three of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and
- (c) 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.

4.2 The payment obligations in respect of interest on Senior Notes upon the insolvency of the Issuer shall fall into subcategory one of category four of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law and shall rank:

- (a) 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;
- (b) *pari passu* among themselves and with any other liabilities of the Issuer falling into subcategory one of category four of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and
- (c) senior to any liabilities of the Issuer falling into subcategory two of category four and 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:

- (a) 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;
- (b) *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
- (c) 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:

- (a) 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;
- (b) *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
- (c) 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:

- (a) 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;
- (b) *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
- (c) 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.

MREL

- (a) To the extent allowed by the Applicable Banking Regulations, the Senior Notes, Senior Non Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes may be issued by the Issuer to satisfy MREL.
- (b) The rights of holders of the Senior Notes, Senior Non Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes shall be subject to any present or future Polish laws or regulations 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 as a result of the operation of such laws or regulations, including, without limitation, any laws, regulations, rules or requirements in effect in the Republic of Poland, relating to (i) the transposition of the BRRD and (ii) the instruments, rules and standards created under the BRRD. In particular, in the event of the resolution of the Issuer, the Resolution Authority may write-down or convert the Notes that are issued for the satisfaction of MREL ahead of the Notes that are not issued for the satisfaction of MREL.

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 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 **provided that** the above provisions shall not apply to any Security Interest on or with respect to the assets, receivables, remittances or other payment rights of the Issuer which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the principal amount of the Relevant Indebtedness secured by such Security Interest is substantially limited to an amount equal to the proceeds received by the Issuer in exchange for the sale, assignment, pledge or other transfer of such assets, receivables, remittances or other payment rights.

6. Fixed Rate Note Provisions

- 6.1 *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.
- 6.2 *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).
- 6.3 *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.
- 6.4 *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.
- 6.5 *Notes accruing interest otherwise than a Fixed Coupon Amount:* This Condition 6.5 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.

6.6 Reset Fixed Rate Notes

- (a) *Rates of Interest and Interest Payment Dates:* Notes in relation to which this Condition 6.6 applies and the relevant Final Terms specify as being applicable shall bear interest:
- (i) 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;
 - (ii) 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
 - (iii) 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 7.8 (*Benchmark Discontinuation*).

- (b) *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 6.6(b), 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 6.6(b), 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 6.6(b), 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

- 7.1 *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.
- 7.2 *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).
- 7.3 *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 7.8 (*Benchmark Discontinuation*), by the Calculation Agent on the following basis:
- (a) if only one Reference Rate appears and 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;
 - (c) in any other case and where more than one Reference Rate appears, 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;

- (d) if, in the case of (a) above, such rate does not appear on that page or, in the case of (c) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, 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.
- 7.4 *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.
- 7.5 *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.
- 7.6 *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.
- 7.7 *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.
- 7.8 *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 7.8 shall apply:

- (a) the Issuer shall use reasonable endeavours 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;
- (b) An Independent Adviser appointed pursuant to this Condition 7.8 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 7.8.
- (c) 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:
 - (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7.8(d)) 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 7.8); or
 - (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7.8(d)) 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 7.8 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 7.8 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 7.8(c) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 7.8.
- (d) 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.

- (e) If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7.8 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 7.8(f), 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 7.8(e), 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 7.8, 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 7.8, 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 7.8, 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.

- (f) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7.8 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 7.8 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 7B7.4 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 7.8.

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 7.8(e).

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 7.8.

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

7.1 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".

7.2 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.

7.3 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_o 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_o, 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_i 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_i 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.

- 7.4 If, in respect of any London Banking Day in the relevant Observation Period, the Calculation Agent 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 7.8 (*Benchmark Discontinuation*), be:
- (a) (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London Banking Day; plus (ii) 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
 - (b) 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).
- 7.5 If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 7A, the Rate of Interest shall be (i) 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 (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest 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).

- 7.6 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 Rate of Interest 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

- 7.1 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".
- 7.2 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.
- 7.3 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):

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

d_o, 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_o**, 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_i, 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.

- 7.4 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:

- (a) will be conclusive and binding absent manifest error;
- (b) will be made in the sole discretion of the Issuer; and
- (c) 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.

- 7.5 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 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 Issue and Principal Paying Agent of the same, the Issuer shall deliver to the Issue and Principal Paying Agent a certificate signed by two authorised signatories of the Issuer:

- (a) 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
- (b) 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**

8.1 *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.

8.2 *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:

- (a) the Reference Price; and
- (b) 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**

9.1 *Scheduled redemption:*

- (a) 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*).
- (b) Senior Non Preferred Notes will have an initial maturity of not less than one year or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.
- (c) Tier 2 Subordinated Notes will have an initial maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.

9.2 *Redemption for tax reasons:* Subject to Condition 9.5 (*Redemption at the option of the Issuer*), the Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (a) at any time (unless the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or
- (b) 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:

- (i) 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:
 - (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*); and
 - (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) in the case of Senior Non Preferred Notes, Senior Subordinated Notes or Tier 2 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, Senior Subordinated Notes or Tier 2 Subordinated Notes changes,

provided, however, that no such notice of redemption shall be given earlier than:

- (A) 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
- (B) 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, confirmation 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 9.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 9.2.

- 9.3 *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 9.3 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 9.3 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 results, or would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds and 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.

- 9.4 *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 9.4 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 the relevant Final Terms) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Redemption of Senior 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 9.4 will be subject to the prior consent of the Regulator and/or the Relevant Resolution Authority as set out in Conditions 9.14 (*Conditions to Early Redemption and Purchase of Tier 2 Subordinated Notes*) and 9.15 (*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

9.5 *Redemption at the option of the Issuer:* This Condition 9.5 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 9.5 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:

- (a) the Optional Redemption Amount (Call); or
- (b) 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 9.5 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.

- 9.6 *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9.5 (*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 9.5 (*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 (*Meetings of Noteholders; Modification, Waiver and Substitution*)) 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.
- 9.7 *Clean-up Call:* If Clean-up Call Option is specified in the relevant Final Terms as being applicable, and if, at any time (other than as a direct result of a redemption of some, but not all, of the Notes at the Make Whole Redemption Price at the Issuer's option pursuant to Condition 9.5 (*Redemption at the option of the Issuer*)), the outstanding aggregate principal amount of the Notes is 20 per cent. (or such other amount as is specified in the relevant Final Terms) or less of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 20 (*Further Issues*)) and consolidated with the Notes as part of the same Series shall be deemed to have been originally issued) (the **Clean-up Call Threshold**), the Issuer may redeem all (but not some only) of the remaining outstanding Notes on any date (or, if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, on any Interest Payment Date) upon giving not less than 15 nor more than 30 days' notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) (which notice shall specify the date for redemption and shall be irrevocable), at the Optional Redemption Amount (Clean-up Call) together with any accrued and unpaid interest up to (but excluding) the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 9.7, the Issuer shall deliver to the Issue and Principal Paying Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the outstanding aggregate principal amount of the Notes is equal to or less than the Clean-up Call Threshold. The Issue and Principal Paying Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.
- 9.8 *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 9.8, 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 9.8, 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 9.8, the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

- 9.9 *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs 9.1 (*Scheduled redemption*) to 9.7 (*Clean-up Call*) above.
- 9.10 *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:
- (a) the Reference Price; and
 - (b) 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 9.10 or, if none is so specified, a Day Count Fraction of 30E/360.

- 9.11 *Purchase:* Subject to Condition 9.15 (*Conditions to Redemption and Purchase of Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non Preferred Notes and Senior Subordinated Notes*) in respect of Senior Notes, Senior Non Preferred Notes and Senior Subordinated Notes, and Condition 9.14 (*Conditions to Early Redemption and Purchase of Tier 2 Subordinated Notes*) 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.
- 9.13 *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.
- 9.14 *Conditions to Early Redemption and Purchase of Tier 2 Subordinated Notes:* Any redemption or purchase of Tier 2 Subordinated Notes in accordance with Conditions 9.2 (*Redemption for tax reasons*), 9.3 (*Early Redemption due to Capital Disqualification Event*), 9.5 (*Redemption at the option of the Issuer*), 9.7 (*Clean-up Call*) or 9.11 (*Purchase*) is subject to:
- (a) 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

- (b) 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.

9.15 *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 9.2 (*Redemption for tax reasons*), 9.4 (*Early Redemption due to MREL Disqualification Event*), 9.5 (*Redemption at the option of the Issuer*), 9.7 (*Clean-up Call*) or 9.11 (*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).

9.16 *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.

10.1 *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.

10.2 *Interest:* Payments of interest shall, subject to paragraph 10.8 below (*Payments other than in respect of matured Coupons*), 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 10.1 above (*Principal*).

10.3 *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.

10.4 *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.

10.5 *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:

- (a) 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;
- (b) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (i) 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 sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (ii) 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 10.1 above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

10.6 *Unmatured Coupons void:* If the relevant Final Terms specifies that this Condition 10.6 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 9.2 (*Redemption for tax reasons*), Condition 9.5 (*Redemption at the option of the Issuer*), Condition 9.7 (*Clean-up Call*), Condition 9.8 (*Redemption at the option of Noteholders*) 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.

10.7 *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.

10.8 *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 10.3 above (*Payments in New York City*)).

- 10.9 *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.
- 10.10 *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.

- 11.1 *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.
- 11.2 *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.
- 11.3 *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.
- 11.4 *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.

- 11.5 *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.
- 11.6 *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**

- 12.1 *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: (i) principal and interest, in the case of Senior Notes that are not issued for the satisfaction of MREL, or (ii) interest only, in the case of Senior Notes issued for the satisfaction of MREL, Senior Non Preferred Notes or Senior Subordinated Notes and Tier 2 Subordinated Notes, as would have, in each case, 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:
- (a) 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;
 - (b) 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
 - (c) 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

13.1 *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:

- (a) *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
- (b) *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
- (c) *Cross-default of Issuer or Material Subsidiary*:
 - (i) 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;
 - (ii) 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
 - (iii) 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 (a) and/or sub-paragraph (b) above and/or the amount payable under any Guarantee referred to in sub-paragraph (c) above individually or in the aggregate exceeds EUR 50,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Insolvency etc.*: (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) 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, (iii) 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 (iv) 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
- (e) *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);

- (f) *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 (d) to (e) above; or
- (g) *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.

13.2 ***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 9.2 (*Redemption for tax reasons*) 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 (*Status*); 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 9.2 (*Redemption for tax reasons*), 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**

- 19.1 *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.

19.2 *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.

19.3 *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 19.3 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 (*Events of Default*) 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 13.1(d) to 13.1(g) inclusive shall be deemed to apply in addition to the guarantor. Any such substitution in respect of any Series of Senior Notes eligible to comply with Applicable MREL Regulations, Senior Non Preferred Notes and Senior Subordinated Notes is subject to the Issuer notifying and/or obtaining prior written consent of the Regulator and/or the Resolution Authority (in each such case, to the extent that such modification and/or consent is then required under the Applicable Banking Regulations).

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

- 21.1 *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.
- 21.2 *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**

- 24.1 *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*), 25 (*Agreement and Acknowledgment with Respect to the Exercise of Bail-in Tool*) and 26 (*Recognition of Stay Powers*) are governed by Polish law.
- 24.2 *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).
- 24.3 *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.
- 24.4 *Rights of the Noteholders to take proceedings outside England:* Notwithstanding Condition 24.2 (*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.
- 24.5 *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**

25.1 **Recognition of Bail-in**

- (a) 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:
- (i) 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:
- (A) the reduction or cancellation of all, or a portion, of the Amounts Due;
- (B) 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;

- (C) the cancellation of the Notes; and
 - (D) 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
- (ii) 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 dependent on the application of this Condition 25.

- (b) *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 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.

25.2 **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.

25.3 **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.

25.4 **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. Each Noteholder acknowledges, accepts, consents and agrees that any delay or failure by the Issuer to notify the Noteholders under this paragraph shall not affect (or be deemed to operate to affect) the validity and enforceability of the exercise of the Bail-in Tool by the Resolution Authority.

26. **Recognition of Stay Powers**

- (a) By its subscription and/or purchase and holding of the Notes, each Noteholder (which for the purposes of this Condition 26, includes each holder of a beneficial interest in the Notes), where a resolution measure is taken in relation to the Issuer or any member of the same group as the Issuer which is an EU BRRD undertaking:

- (i) acknowledges and accepts that the Notes may be subject to the exercise of Stay Powers;
- (ii) acknowledges and accepts that it is bound by the application or exercise of any such Stay Powers; and
- (iii) confirms that this Condition 26 represents the entire agreement with the Issuer on the potential impact of Stay Powers in respect of the Notes, to the exclusion of any other agreement, arrangement or understanding between parties,

to the extent that such Stay Powers apply to the Notes.

- (b) In accordance with Article 68 (*Exclusion of certain contractual terms in early intervention and resolution*) of the BRRD and any relevant implementing measures in any member state, by its subscription and/or purchase and holding of the Notes, each Noteholder further acknowledges and agrees that the application or exercise of any such Stay Powers shall not, *per se*, be deemed to be an enforcement event within the meaning of Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements or as insolvency proceedings within the meaning of Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems, and that Noteholders shall not be entitled to take any of the steps outlined under Article 68(3) of the BRRD and any relevant implementing measures in any member state against the Issuer.
- (c) For the purpose of these Conditions:
 - (i) **Stay Powers** means the powers of a relevant resolution authority to suspend or restrict rights and obligations under:
 - (A) Article 33a (Power to suspend payment or delivery obligations);
 - (B) Article 69 (Power to suspend payment or delivery obligations);
 - (C) Article 70 (Power to restrict the enforcement of any security interest);
and
 - (D) Article 71 (Power to temporarily suspend any termination right),

of the BRRD and any relevant implementing measures in any member state including Articles 142 - 144 of the Act on Bank Guarantee Fund;
 - (ii) **EU BRRD undertaking** means an entity within the scope of Article 71a of the BRRD and any relevant implementing measures in any EEA member state; and
 - (iii) **resolution measure** means "resolution" or the application of a "resolution tool", "crisis prevention measure" or "crisis management measure" within the meaning of the BRRD and any relevant implementing measures in any member state.

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.]¹

[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.]²

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, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law 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*

¹ 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".

² 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".

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.]³

[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 2001 (2020 Revised Edition) 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)]/[●]]⁴

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 5 October 2023 [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**)]⁵. This document constitutes the Final Terms of the Notes described herein [for the purposes of the EU Prospectus Regulation]⁶ 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 (*Giełda Papierów Wartościowych w Warszawie S.A.*) (www.gpw.pl)] and the Issuer (<https://www.santander.pl/en/investor-relations/issuances>).

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

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 [28 August 2018/12 May 2020/7 July 2021/6 September 2022] [and the supplement[s] to it dated [●]] which are incorporated by reference in the Base Prospectus dated [*current date*]. This document constitutes the Final Terms of the Notes described herein [for the purposes of the Regulation (EU) 2017/1129 (the **EU Prospectus Regulation**)]⁷ and must

³ 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.

⁴ Legend to be included on front of the Final Terms if the Notes will be sold into Singapore.

⁵ 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.

⁶ 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.

⁷ 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.

be read in conjunction with the which Base Prospectus dated 5 October 2023 [and the supplement[s] to it dated [●]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) [for the purposes of the EU Prospectus Regulation]⁸ 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 (*Giełda Papierów Wartościowych w Warszawie S.A.*) (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: [●]
- (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: [●]

⁸ 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) 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 9.2 (*Redemption for tax reasons*) is [Applicable/Not Applicable] [See paragraph 19 below]
- Put Option pursuant to Condition 9.8 (*Redemption at the option of Noteholders*) is [Applicable/Not Applicable] [See paragraph 20 below (*Put Option*)]
- Clean-up Call pursuant to Condition 9.7 (*Clean-up Call*) is [Applicable/Not Applicable] [See paragraph 21 below (*Clean-up Call Option*)]
- Issuer Call – Capital Disqualification Event pursuant to Condition 9.3 (*Early Redemption due to Capital Disqualification Event*) is [Applicable/Not Applicable]
- Issuer Call – MREL Disqualification Event pursuant to Condition 9.4 (*Early Redemption due to*

MREL Disqualification Event) 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]
13. (a) Events of Default: [Condition 13.1 (Events of Default with respect to Senior Notes) applies]/[Condition 13.2 (No Events of Default for Subordinated Notes, Senior Non Preferred Notes and certain Senior Notes)] applies
14. Date of Management Board approval for issuance of Notes obtained: [●]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs 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: [●]
- (vii) Unmatured Coupons: Condition 10.6 (*Unmatured Coupons void*) is [Applicable/Not Applicable]
16. **Reset Fixed Rate Notes Provisions** [Applicable/Not Applicable]

(If applicable, Condition 6.5 (Notes accruing interest otherwise than a Fixed Coupon Amount) 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 [The Issue and Principal Paying Agent]/[●]/[Not Applicable]
- (xvii) Unmatured Coupons: Condition 10.6 (*Unmatured Coupons void*) is [Applicable/Not Applicable]

17. Floating Rate Note Provisions	[Applicable/Not Applicable]
	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(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) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	[[The Issue and Principal Paying Agent]/[●] shall be the Calculation Agent]
(vii) Provisions relating to Screen Rate Determination:	
• Reference Rate:	[●][EURIBOR/WIBOR//SONIA/SOFR]
• 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:	[●]
(viii) Linear Interpolation:	Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (<i>specify for each short or long interest period</i>)
(ix) Margin(s):	[+/-][●] per cent. per annum
(x) Minimum Rate of Interest:	[●] per cent. per annum
(xi) Maximum Rate of Interest:	[●] per cent. per annum
(xii) Day Count Fraction:	[Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis]

18. **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

19. **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
- (v) Notice period: [●]
20. **Put Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs 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: [●]
21. **Clean-up Call Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Clean-up Call Threshold: [•] per cent.
 - (ii) Optional Redemption Amount (Clean-up Call): [•]
 - (iii) Notice period (if different from the Conditions) [Not less than [•] nor more than [•] days] / [Not Applicable – in line with Condition 9.7 (*Clean-up Call*)]
22. **Capital Disqualification Event in respect of Tier 2 Subordinated Notes**
- (i) Optional Redemption Amount (Capital Disqualification Event): [[●] per Calculation Amount / 9.3 (*Early Redemption due to Capital Disqualification Event*) not Applicable]
23. **MREL Disqualification Event** [Applicable/Not Applicable]
- (i) Optional Redemption Amount (MREL Disqualification Event): [[●] per Calculation Amount / Not Applicable]
24. **Final Redemption Amount** [●] per Calculation Amount
25. **Early Termination Amount** [●] per Calculation Amount
26. **Early Redemption Amount (Tax)**
- (i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [[●] per Calculation Amount / Not Applicable]
 - (ii) Notice period on redemption for tax reasons (if different from [Not less than [•] nor more than [•] days] / [Not Applicable – in line with Conditions]

Condition 9.2 (*Redemption for tax reasons*)):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. **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

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))].

28. **New Global Note:**

[Yes] [No]

29. **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 17(v) relates]

30. 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.]
31. Waiver of Set-Off [Applicable/Not Applicable]
32. 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 the regulated market of the [Irish Stock Exchange plc trading as Euronext Dublin]/[Warsaw Stock Exchange (in Polish: *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 (EC) 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 (EC) 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 (EC) 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 (EC) 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 Benchmarks 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) Stabilisation 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 9.8 (*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 9.5 (*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.

Electronic Consent and Written Resolution: While any Global Note or Global Registered Note is held on behalf of a clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an **Electronic Consent** as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note or Global Registered Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream,

Luxembourg or any other relevant alternative clearing system (the **relevant clearing system**) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Xact Web Portal system) in accordance with its usual procedures and in which the accountholder of a particular principal or principal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

TAXATION

Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Notes.

Republic of Poland

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 deemed to be tax advice. It is based on Polish tax laws and, as its interpretation refers to the position as at the date of this document, it may thus be subject to change, including a change with retroactive effect. Any change may negatively affect the tax treatment, as described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their individual circumstances. Prospective purchasers of Notes are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of Notes.

The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term, respectively, as understood in Polish tax law.

For the purpose of this Section

Affiliated Entities shall mean:

- (a) entities of which one entity Exercises a Significant Influence on at least one other entity; or
- (b) entities on which a Significant Influence is Exercised by:
 - (i) the same other entity or
 - (ii) the spouse or a relative by consanguinity or affinity up to the second degree of a natural person exercising a significant influence on at least one entity, or
- (c) a tax transparent partnership and its partners (partner), or
- (d) a limited partnership or limited joint-stock partnership with their registered office or place of management in the territory of Poland and their general partners; or
- (e) a general partnership subject to corporate income tax with its registered office or place of management in the territory of Poland and its partner(s); or
- (f) a taxable person and their foreign establishment, and in the case of a tax capital group – a company being its part and its foreign establishment.

(each of being a manifestation of an existence of an **Affiliation**).

Exercising a Significant Influence shall mean:

- (a) holding directly or indirectly at least 25 per cent. of:
 - (i) shares in the capital or
 - (ii) voting rights in the supervisory, decision-making or managing bodies, or

- (iii) shares (or rights to participate in) profits, losses or property (or their expectations), including participation units and investment certificates, or
- (b) the actual ability of a natural person to influence key economic decisions taken by a legal person or an organisational unit without legal personality, or
- (c) being the spouse or a relative by consanguinity or by affinity up to the second degree.

Taxation of a Polish tax resident individual

Under Art. 3.1 of the Personal Income Tax Act dated 26 July 1991 (the **PIT Act**), individuals, having their place of tax residence in 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 a natural person who (i) has their centre of personal or business interests located in Poland or (ii) stays in Poland for longer than 183 days in a year, unless any relevant tax treaty dictates otherwise.

Income derived by a Polish tax resident individual from financial instruments, such as the Notes, held as non-business assets, qualify as capital gains according to Article 17 of the PIT Act.

Withholding tax on interest income

According to Article 30a.7 of the PIT Act, interest income, including discount, derived by a Polish tax resident individual does not cumulate with general income subject to the progressive tax rate but under Art. 30a.1.2 of the PIT Act is subject to 19 per cent. flat rate tax.

Under Article 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 Polish 19 per cent. tax upon any interest payment.

Under Art. 41.4d of the PIT Act, the entities operating Notes accounts for taxpayers, acting as tax remitters, should withhold the tax on this interest income if such interest income (revenue) has been earned in Poland and is connected with Notes registered in said accounts, and the interest payment to the individual (the taxpayer) is made through said entities; this principle also applies to remitters who are payers of corporate income tax and are subject to limited tax liability in Poland, to the extent they conduct their business through a Polish permanent establishment and it is to that establishment's operations that the Notes account is linked. Consequently, a foreign entity that does not operate through a permanent establishment in Poland, e.g. a foreign broker not acting through a Polish permanent establishment, should not be obliged to withhold Polish tax.

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 Poland by non-residents shall include in particular income (revenues) from:

- (a) work performed in 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 Poland irrespective of the place where remuneration is paid;
- (c) economic activity pursued in Poland, including through a foreign establishment located in Poland;

- (d) immovable property located in 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) Notes and derivatives other than Notes, admitted to public trading in Poland as part of the regulated stock exchange market, including those obtained from the disposal of these Notes 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 legal personality, or participation in an investment fund, a collective investment undertaking, or other legal entity and rights of similar character or from receivables being 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 property located in Poland, or rights to such immovable property;
- (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 natural persons, legal persons, or organisational units without legal personality, having their place of residence, registered office, or management board in 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 that income (revenues) not listed above is 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 Notes account for the individual will withhold the tax. Since the Issuer is a Polish entity, as a rule, interest from the Notes should be considered as earned in Poland.

According to Article 45.3b and Art. 45.1 of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

Separate, specific rules apply to interest income on Notes held in Polish omnibus accounts (within the meaning of the provisions of the Act dated 29 July 2005 on Trading in Financial Instruments, the **Omnibus Accounts**). Under Art. 41.10 of the PIT Act, insofar as Notes registered in Omnibus Accounts are concerned, the entities liable to withhold the flat-rate income tax on interest income are the entities operating Omnibus Accounts through which the amounts due are paid. The tax is charged on the day of placing the amounts due at the disposal of the Omnibus Account holder. This rule also applies to remitters who are payers of corporate income tax and are subject to limited tax liability in Poland, to the extent they conduct their business through a foreign establishment and it is to that establishment's operations that the Notes account is linked.

Additionally, under Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to Notes (including the Notes referred to herein) 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 Notes (including the Notes referred to herein) in the annual tax return if the Notes were registered in 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.

Capital gains from disposal of the Notes

Based on Art. 30b.1 of the PIT Act, income other than interest earned from financial instruments, such as the Notes, does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 per cent. flat rate tax. Under Art. 30b.2. of the PIT Act the income from disposal of Notes is calculated as the difference between the sum of revenues from a transfer of Notes against a consideration and tax deductible costs, calculated on the basis of the relevant provisions of the PIT Act. Based on Art. 17.2 and Art. 19.1 of the PIT Act, if the price expressed in the contract without a valid reason significantly deviates 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.

The taxpayer itself is obliged to settle the tax on the transfer of Notes (including the Notes) against a consideration. Taxpayers should prepare their annual tax return by the end of April of the year following the tax year in which the income was earned. No tax or tax advances are withheld by the person making the payments.

Furthermore, capital gains are subject to a 4 per cent. solidarity levy calculated on the surplus of various incomes above PLN 1 million in total. The levy must be calculated and settled by the individuals themselves.

Under Art. 30b.4 of the PIT Act, if an individual holds the Notes as a business asset, in principle, income other than interest should be treated as income from business activities and should be subject to tax in the same way as other business income. The tax, at 19 per cent. flat rate or the 12% - 32 % progressive tax rate, depending on the choice and meeting of certain conditions by the taxpayer, should be settled by the individual.

Furthermore, business income is subject to a 4 per cent. solidarity levy calculated on the surplus of various incomes above PLN 1 million in total. The levy must be calculated and 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 obligation in Poland, irrespective of where the income is earned (unlimited tax liability).

According to Art. 3.1a of the CIT Act, a taxpayer has a place of management in the territory of the Republic of Poland, inter alia, when the current affairs of this taxpayer are conducted in an organized and continuous manner on the territory of the Republic of Poland, based in particular on: (i) an agreement, decision, court ruling or other act regulating the establishment or functioning of the taxpayer; or (ii) powers of attorney; or (iii) Affiliations.

Income (revenue) from the Notes, both on account of interest/discount and other income, including transfer of Notes against a consideration, earned by a Polish tax resident corporate income taxpayer whose entire income is subject to tax liability in Poland, is subject to income tax following the same

general principles as those which apply to any other income received from business activity within the same source of income. In principle, the income (revenue) from the Notes, including their transfer against a consideration, should be regarded as revenues from capital gains (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, i.e. when it is received and not when it has accrued. Revenue from a transfer of Notes against a consideration is in principle their value expressed in the price specified in the contract. According to Art. 14 of the CIT Act, if the price expressed in the contract, without a valid reason, significantly deviates from the market value, the revenue amount is determined by the tax authority in the amount of the market value. In the case of income from the transfer of Notes 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 Notes against a consideration, which is settled along with other income from the taxpayer's business activity within the same source of income.

Under Art. 19 of the CIT Act, the appropriate tax rate is 19 per cent. for a regular corporate income taxpayer or 9 per cent. for small taxpayers with revenues not exceeding EUR 2 million in a tax year (with certain adjustments), taking into consideration the appropriate source of income (the lower rate does not apply to incomes classified as capital incomes – Article 7b of the CIT Act).

Although, in principle, no Polish withholding tax should apply on interest payable to Polish corporate income taxpayers, given the specific rules applying to interest income on Notes held in Omnibus Accounts, under Art. 26.2a of the CIT Act, the tax remitter (ie the entity operating the Omnibus Accounts, according to Art. 26.2b of the CIT Act) should withhold full 20% tax from interest transferred to taxpayers holding rights attached to 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. If such tax is withheld for a Polish tax resident corporate income taxpayer, to discuss 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 (Art. 20.1 of the CIT Act).

Notes held by a non-Polish tax resident (individual or a corporate income taxpayer)

Under Art. 3.2a of the PIT Act, natural persons, 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 residents are subject to Polish income tax only with respect to their income earned in Poland. Under Art. 3.3 of the CIT Act, income (revenues) earned in Poland by non-residents shall include in particular income (revenues) from:

- (a) all types of activities pursued in Poland, including through a foreign establishment located in Poland;
- (b) immovable property located in 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) Notes and derivatives other than Notes, admitted to public trading Poland as part of the regulated stock exchange market, including those obtained from the disposal of these Notes 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 legal personality, participation in an investment fund or a collective investment undertaking, or other legal entity and rights of similar character or from receivables being 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 property located in Poland, or rights to such immovable property;
- (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 natural persons, legal persons, or organisational units without legal personality, having 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 regulations 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.

Given the above, each situation should be analysed to determine whether interest earned by a Polish tax resident from the Notes is considered to be income sourced in Poland. However, since the Issuer is a Polish entity, income from the Notes should be considered as earned in Poland.

Special exemption for Notes meeting special conditions

Under Art. 17.1.50c of the CIT Act, there is a tax exemption (**Foreign Tax Residents Exemption**) applicable to 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; and
- (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 Affiliated Entity of the issuer of such Notes, and holds, directly or indirectly, together with other Affiliated Entities, more than 10 per cent. of the nominal value of those Notes.

Under Art. 41.24.2) of the PIT Act and Art. 26.1aa of the CIT Act, remitters are not obliged to withhold tax on interest or discount in respect of the Notes meeting the above requirements, without verifying eligibility for the Foreign Tax Residents Exemption (**Remitter's Exemption**). However, starting from 1 January 2024 non-withholding of the tax occurs subject to the Issuer filing a statement with the competent tax authority that it has exercised due diligence in informing its affiliates in the meaning of Art. 23m.1.4 of the PIT Act or Art. 11a.1.4 of the CIT Act about the conditions of the withholding tax

exemption referred to in Art. 21.1.130c) of the PIT Act and Art. 17.1.50c) of the CIT Act, with respect to such affiliates. The statement must be filed once in relation to each relevant issue of the Notes, no later than by the date when the interest or discount on the Notes is disbursed.

Given the above, from 1 January 2024, although the given foreign tax resident investor may qualify for the Foreign Tax Residents Exemption, in practice, withholding tax can be collected by the relevant tax remitter due to procedural requirements.

It should also be noted that only Polish entities and foreign entities acting through a Polish permanent establishment are tax remitters of Polish withholding tax. Consequently, it should be expected that a foreign entity operating a securities account will not collect the withholding tax, unless it operates through a permanent establishment in Poland.

Regarding a refund of the tax withheld, each investor should consult their tax advisors.

Analogous provisions apply to personal income tax (Art. 21.1.130c and Art. 41.24 of the PIT Act).

Failure to meet the conditions for the Foreign Tax Residents Exemption

If the Foreign Tax Residents Exemption does not apply, the following rules apply.

In principle, regarding taxpayers subject to limited tax liability in Poland, interest (discount) on the Notes earned in Poland is taxed at a flat rate of 20% in the case of corporate income taxpayers (Art. 21.1.1 of the CIT Act) or 19% in the case of natural persons (Art. 30a.1.2 of the PIT Act).

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. According to Art. 26.7 of the CIT Act, a payment for the purposes of Art. 26.1 of the CIT Act shall mean a discharge of a liability in any form, including by payment, deduction or capitalisation of interest.

Under Art. 26.2c.1 of the CIT Act, the entities operating Notes 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 Notes registered in said accounts, and the interest payment to the taxpayer is made through said entities. Although it is considered that foreign entities do not act as Polish tax remitters, according to the discussed provision, this obligation applies to non-residents to the extent they operate a permanent establishment in Poland and the account, on which Notes are registered, is linked to the activity of this permanent establishment. Similar provisions concerning interest payments to individuals are provided in Art. 41.4d of the PIT Act. It is not entirely clear whether the Issuer should or should not withhold the tax if the entity operating the Notes of Omnibus Account does not act as a tax remitter (ie is a foreign tax resident not acting through a Polish permanent establishment).

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 the tax rate or income tax exemption under the tax treaty, the taxpayer should present a valid certificate of its tax residency. As a rule, unless validity date is not included in the certificate itself, the tax residency certificate is considered valid for twelve consecutive months from its date of issue. Given that tax remitters must preserve due diligence in verification of any tax relief conditions, they may require additional documentation in order to be able to apply double tax treaty benefits described above, such as the confirmation of the recipient's beneficial owner status towards the interest payments.

Moreover, 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) if the receivables are obtained in connection with the conducted business activity, it conducts actual business activity in the country of its registration; when assessing whether the entity conducts actual business activity, the nature and scale of such activity in the scope of received receivables are taken into account.

Although the definition of the beneficial owner no longer refers to and Art. 24a.18 of the CIT Act and Art. 30f. 20 of the PIT Act, those are the only places in the income tax legislation where actual business activity is defined. Therefore, it cannot be ruled out that factors listed there will be taken into account by the tax authorities in determining beneficial ownership status. Those factors include:

- (a) the business activity carried out by the taxpayer is performed through an existing enterprise that actually performs activities constituting an economic activity; in particular, it possesses premises, qualified personnel and equipment used for performing business activity;
- (b) the taxpayer does not create artificial arrangement without a connection with any business activity;
- (c) the taxpayer's actual premises, its personnel or equipment correspond to the scope of its actual business activity;
- (d) the agreements concluded by the taxpayer are realistic in economic terms, they have economic justification and they are not noticeably contrary to the general business interest of the taxpayer; and
- (e) the taxpayer carries out its business functions independently, using its own resources, including managers who are present in the country of taxpayer's tax residency.

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 Notes held in Omnibus Accounts. Also, in cases where Polish withholding tax should not apply on interest payable to non-Polish tax residents (natural persons or corporate income taxpayers), under specific rules applicable to interest income on Notes held in Omnibus Accounts there is a risk that such tax would be withheld. Under Art. 26.2a of the CIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to 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 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, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to 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 from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. If such

tax is withheld for non-Polish tax resident taxpayers, to receive a refund of such tax, the entity should contact its tax advisor.

If a person or an entity subject to limited tax liability in Poland acts through a permanent establishment in Poland to which income is related, as a matter of principle provisions of law should apply that are analogous to taxpayers subject to unlimited tax liability in Poland, 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).

Pay & Refund

In addition to the rules set out above, in the event of failure to meet the conditions for a Foreign Tax Residents Exemption, the following regime applies on payments to Affiliated Entities.

Under Art. 26.2e of the CIT Act, if the total amount paid out between Affiliated Entities on account of the items listed in Art. 21.1.1 of the CIT Act (including interest / discount on Notes) and Art. 22.1 of the CIT Act (including dividends) to the same taxpayer exceeds PLN 2,000,000 in a 12 months long 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% 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 (the **Pay & Refund**).

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 Pay & Refund applies is calculated by multiplying 1/12 of PLN 2,000,000 and the number of months that have begun 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 Pay & Refund 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.

Based on Art. 26.2ca of the CIT Act, the entities making payments through Notes accounts or Omnibus Accounts are obliged to provide the entities maintaining these accounts, at least 7 days before the payment is made, with information about the existence of Affiliations between them and the taxpayer and about exceeding the amount of PLN 2,000,000. Entities providing this information are required to update it before making the payment in the event of a change in the circumstances covered by the information.

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 Pay & Refund 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 Pay & Refund applies.

Under Art. 26.7a of the CIT Act, the Pay & Refund 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 or a designated member of such head being a collegiate body (e.g. the Issuer's management board). The declaration cannot be made by proxy. The declaration is to be made by in electronic form not later than on the last day of the second month following the payment of the tax to the tax office for the month in which the threshold specified above was exceeded, however, the performance of this obligation after the payment is made does not release the payer from the obligation to exercise due diligence before the payment is made. (Art. 26.7b and 26.7c of the CIT Act).

In the case of withholding tax being a result of the Pay & Refund, 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.

Analogous provisions apply to personal income tax, including Art. 41.12 of the PIT Act which provides for an analogous Pay & Refund, while the Regulation of the Minister of Finance of 28 December 2022 on exclusion of tax withholding obligation excludes application of Art. 41.12 of the PIT Act by the end of 2023 to payments made by the entities operating Notes accounts and Omnibus Accounts if the conditions of the relevant exemption or tax relief are met.

Withholding taxation of certain payments made to tax havens

Based on Art. 26.1m of the CIT Act, if a tax remitter makes a payment on account of certain capital profits (e.g. revenues from financial instruments, including interest and capital gains) to a corporate entity resident for tax purposes in a tax haven, such tax remitter is obliged to withhold tax at 19 per cent. rate calculated from the amount being paid out.

The list of the tax havens is included in the Regulation of the Minister of Finance from 28 March 2019 on identifying the countries and territories applying harmful tax competition for corporate taxation purposes.

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.

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 5 October 2023 (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 (or Drawdown Prospectus, as the case may be). 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 Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms (or Drawdown Prospectus, as the case may be).

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.

The Dealers will be entitled in certain circumstances to be released and discharged from their obligations in respect of a proposed issue of Notes under or pursuant to the Dealer Agreement prior to the closing of the issue of such Notes, including in the event that certain conditions precedent are not delivered or do not meet their satisfaction on or before the issue date of such Notes. In this situation, the issuance of such Notes may not be completed and investors will have no rights against the Issuer, or the relevant Dealers in respect of any expense incurred or loss suffered in these circumstances.

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.

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.

Poland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will be offered in Poland in a manner which will not require publication of a prospectus or an information memorandum drawn up in accordance with EU Prospectus Regulation and 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.

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 2001 (2020 Revised Edition) 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)(c)(ii) 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

Except for the lawsuits concerning the CHF Mortgage Loans (for further detail see *Litigation – Disputes relating to CHF Mortgage Loans*), 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

There has been no material adverse change in the prospects of the Issuer since 31 December 2022, nor any significant change in the financial performance of the Issuer and its subsidiaries since the end of the last financial period, 30 June 2023.

Independent 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 2022 and 31 December 2021 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 2022 and 31 December 2021 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.

The unaudited condensed interim consolidated financial statements of the Group for the six-months period ended 30 June 2023, which are incorporated by reference in this Base Prospectus have been reviewed by PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k., independent auditors, as stated in the review report incorporated by reference in this Base Prospectus. With respect to the unaudited condensed interim consolidated financial statements of the Group for the six-months period ended 30 June 2023, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k., independent auditors, have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

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 2022 and 31 December 2021 were audited by Agnieszka Accordi (certified auditor, licence No. 11665), and the unaudited condensed interim consolidated financial statements of the Group for the six-months period ended 30 June 2023 were reviewed, by Tomasz Drzewiecki (certified auditor, licence No. 13488).

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 2021 and 31 December 2022;
- (d) the auditors' reports in respect of the audited consolidated financial statements of the Group for the years ended 31 December 2021 and 31 December 2022;
- (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

160 Queen Victoria Street
London EC4A 4LA
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Luxembourg Branch

Vertigo Building - Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

LEGAL ADVISERS

To the Issuer as to English law:

Allen & Overy LLP

One Bishops Square
London E1 6AD
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

INDEPENDENT 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 Centre
Earlsfort Terrace
Dublin
Ireland