

MACROscope Lite

New month – new reality

■ One month ago we titled our monthly report “Forecasts with lower shelf life” and hence, one month later, we need to change our economic outlook. This time the Russia’s invasion on Ukraine is the main factor affecting economies. **We cut our forecast of GDP growth to 3.5% from 4.7% in 2022.** However, note that the uncertainty scale is really high, as we do not know how long the conflict is going to last and we do not have enough data to assess its implications. We assume that collapse of trade with Belarus, Russia and Ukraine will be the key channel affecting Polish economic activity. Our exports to these countries amount roughly to 3.5% of GDP, imports roughly to 4% of GDP. Imports include an important part of raw materials, especially energy goods. Apart from losing foreign demand, Polish companies will be also facing limited supply of intermediate goods. Moreover, the global growth is also likely to be weaker, Polish companies will probably be less inclined to invest and inflation will be fuelled, putting a strain on domestic consumers’ purchasing power.

■ The negative shock arrived when the Polish economy was advancing at a solid pace, and January’s data on industrial and construction output were better than expected. In our view it will be also negative for the labour market and wage pressure. The inflow of immigrants (over 500k so far, according to Border Guard) will mean more demand for basic goods, but in our view it will not outweigh the effect of worse business climate.

■ While the supply shock related with the war makes us expect higher commodity prices, especially energy and food, **we assume that the government will decide to extend the anti-inflation shield until the end of this year.** The decision may come in several months. The war-related shock pushes up our inflation forecasts, but the effect of weaker demand acts in the opposite direction. This means that CPI inflation may descent slowly throughout the whole year and in December be close to 5% y/y. In 2023 (after the shield is gone) it will jump higher again and stay near 7% y/y for the whole year.

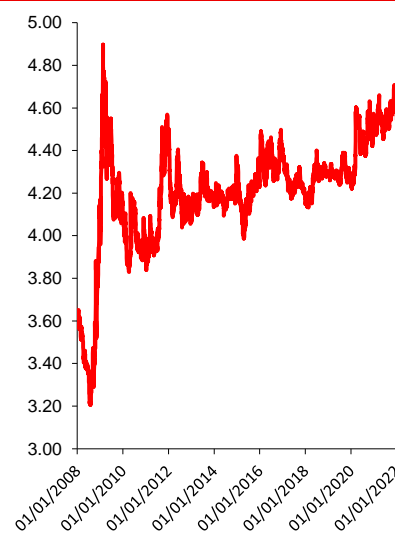
■ **We stick to our view on monetary policy prospects**, that is we see a 50bp rate hike in March and then further steps that would take the main rate to 4.00%. On the one hand weaker growth prospects support a lower interest rate path, on the other hand the risk of the depreciation of the zloty supports higher rates. We think with these two opposing forces it still makes sense to follow the path set earlier. We cannot however exclude that the MPC may see one of these risks as superior and would thus change the current stance.

■ Due to the outbreak of war in the East, the CEE currencies are facing huge pressure. It is partly caused by the sanctions on Russia which make it very difficult to trade the ruble or Russian assets. In such circumstances the other regional currencies, and the zloty in particular, may incur additional losses because of being used as RUB proxies and tools to hedge the frozen positions in Russian assets. The drastic fall of liquidity on the market has sent EURPLN to the highest levels since 2009, but when the markets calm down there should be a substantial correction. Also, in such circumstances NBP interventions may be quite effective in curbing the zloty’s losses, although not necessarily in curbing its volatility.

■ Since the major jump in geopolitical pressure on 11 February the zloty’s losses versus the dollar are close to 10% (similarly HUF, CZK – about 8%). As regards EM currencies from countries geographically distant from Ukraine, they changed only by -2% to 2% against the dollar. This means that a lion’s share of the depreciation was caused by the war. It also means that if the conflict is mitigated somehow (cease-fire, negotiations) the rebound could be strong, but return to the starting point can still be challenging (uncertainty about further actions of Russia can fuel the risk premium). **We assume EURPLN to return to 4.70 at the end of March** and to 4.55 in the further term.

■ The Polish debt market reacted to the conflict with higher yields and widening of spread versus Bund. There was also a clear tendency for a flatter yield curve given shorter move of the front end. Prospects of a stronger economic slowdown (due to the war on top of the already applied monetary tightening) should prevent a further weakening of longer-term bonds - **10Y yield is likely to remain close to 4%**. In our view the fiscal burden related to inflow of immigrants will be spread across EU countries and will not raise concerns about Poland’s public finance in the upcoming quarters and year. We also assume that the MPC will not apply extraordinary hikes aimed at supporting the currency, so we are expecting the short-term bonds to soon strengthen. Market pricing of MPC rate hikes did not change much, only in one year’s time investors are betting for quicker rate cuts.

EURPLN exchange rate the highest since 2009



Source: Refinitiv, Santander

Recently released Economic Comments:

- [Domestic demand is fuelling GDP growth](#)
- [Another dose of strong January data](#)
- [High activity at the start of the year](#)
- [CPI and GDP high but with no major surprise](#)
- [NBP Governor wants to be a hawk](#)
- [Steady rate hikes continue](#)

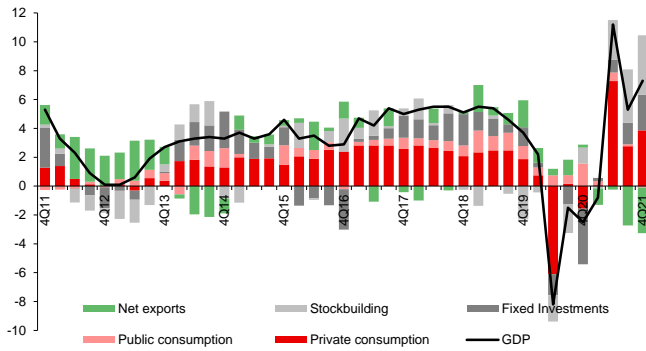
Economic Analysis Department:

al. Jana Pawła II 17, 00-854 Warszawa
 email: ekonomia@santander.pl
 website: santander.pl/en/economic-analysis
 Maciej Reluga – Chief Economist

+48 22 534 1888
 Piotr Bielski +48 691 393 119
 Marcin Luziński +48 510 027 662
 Grzegorz Ogonek +48 609 224 857

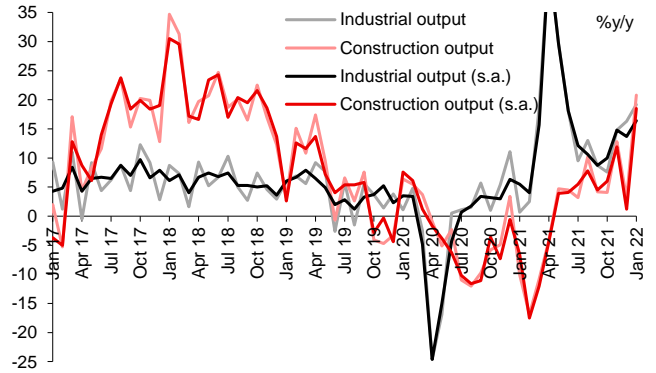
Economy in charts

GDP growth remained strong in 4Q21, mostly thanks to stocks



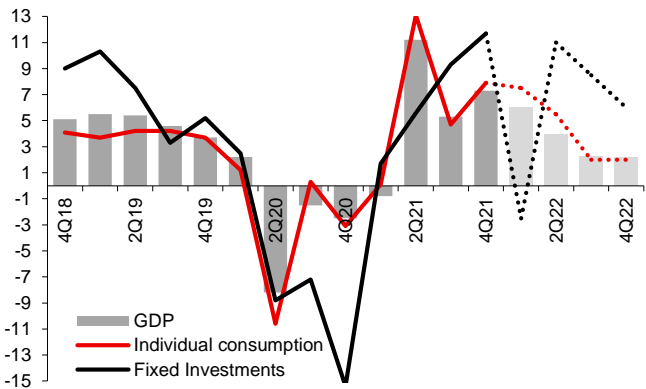
Source: GUS, Santander

The new year also started on a positive note



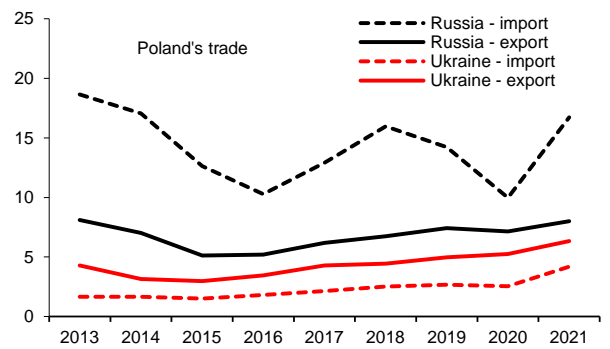
Source: GUS, Santander

... but war means that forecasts will go down



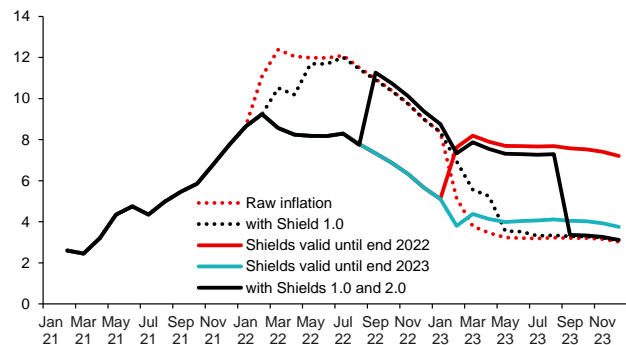
Source: GUS, Santander

Mostly due to Poland's trade links

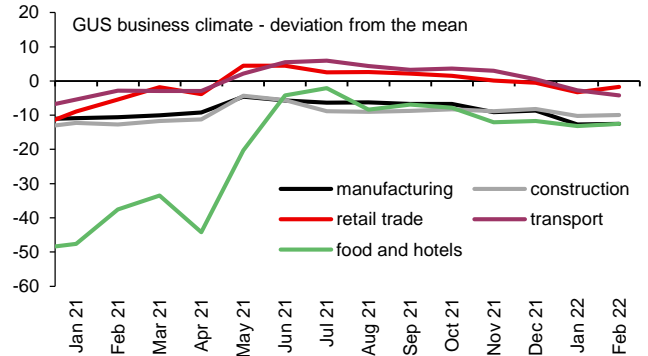


Source: GUS, Santander

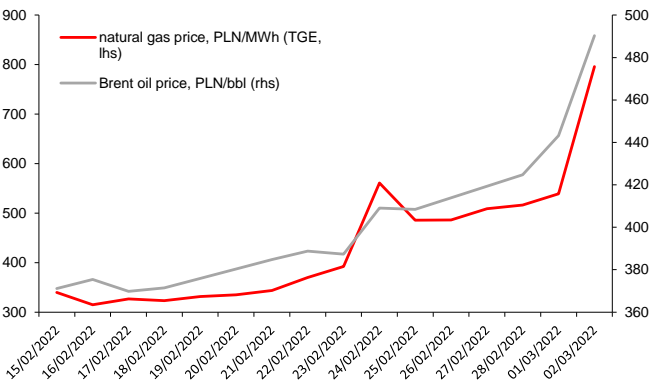
We are expecting the "Anti-inflation Shield" to be valid until end of 2022 at least



Leading indicators improved, but surveys took place prior to the war

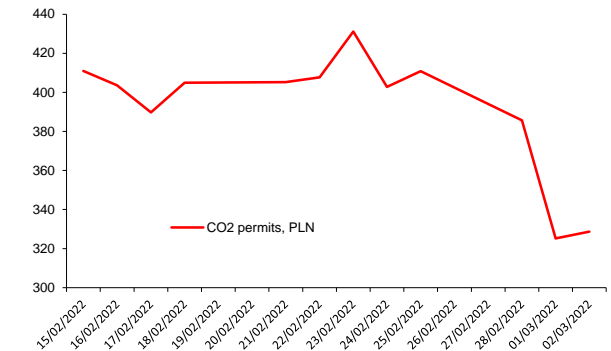


War translated into higher commodity prices...



Source: GUS, Santander

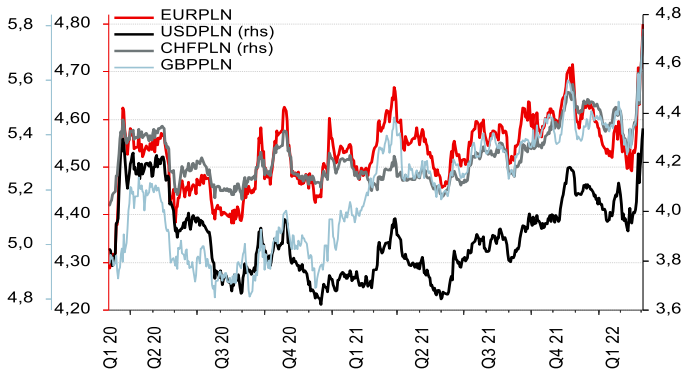
... but CO2 permits declined



Source: Michał Rogalski, Santander

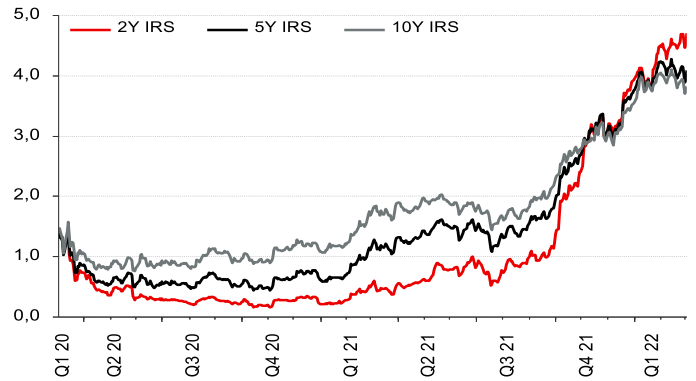
Markets in charts

Zloty exchange rates



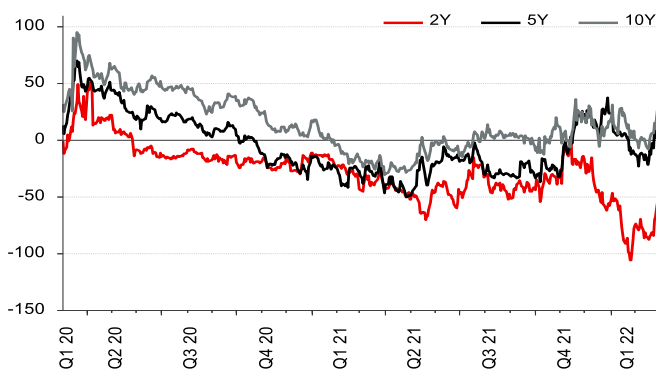
Source: Refinitiv Datastream, Santander

IRS (%)



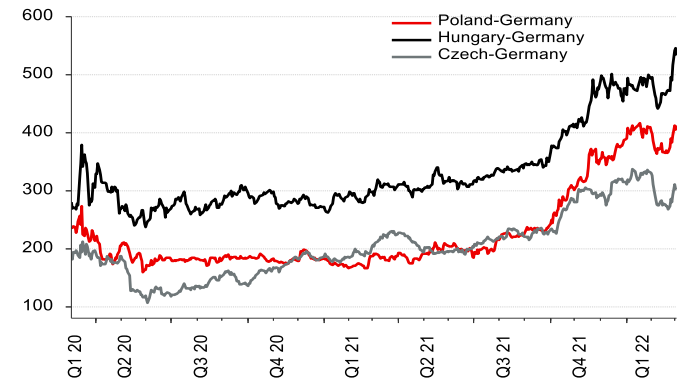
Source: Refinitiv Datastream, Santander

Poland asset swap spreads (bp)



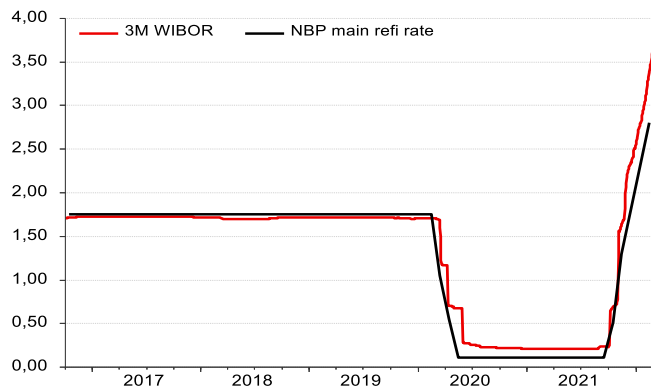
Source: Refinitiv Datastream, Santander

10Y bond yield spreads vs Bund



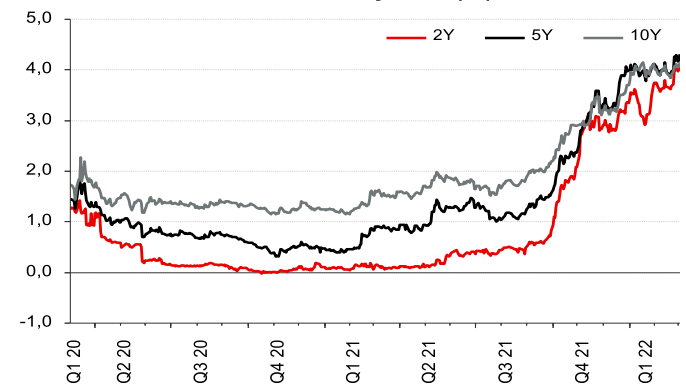
Source: Refinitiv Datastream, Santander

Interest rates



Source: Refinitiv Datastream, Santander

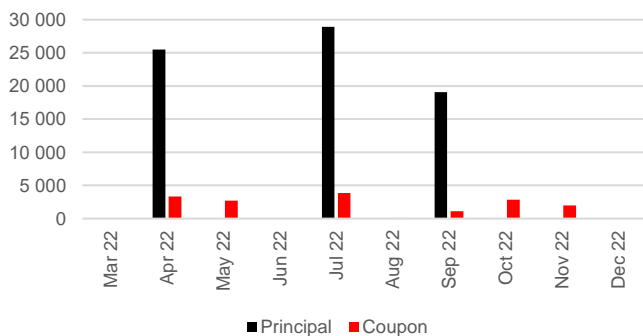
Polish bond yields (%)



Source: Refinitiv Datastream, Santander

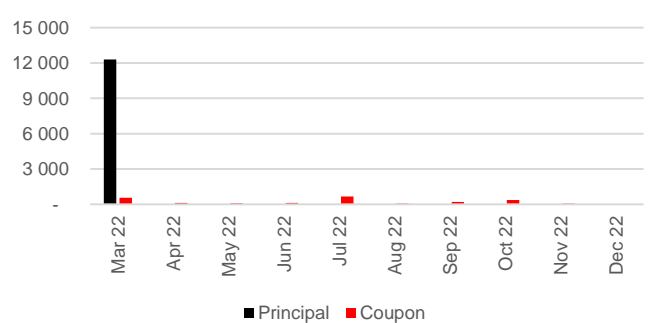
Principal and interest payments

PLN-denominated bond redemptions and interest payments, PLNm



Source: Ministry of Finance, Santander

FX denominated bond redemptions and interest payments, PLNm



Source: Ministry of Finance, Santander

Economic Calendar

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
	1 March PL: PMI manufacturing (Feb) CZ: PMI manufacturing (Feb) CZ: GDP (4Q21) HU: PMI manufacturing (Feb) DE: PMI manufacturing (Feb) DE: HICP (Feb, flash) EZ: PMI manufacturing (Feb) US: ISM manufacturing (Feb)	2 HU: GDP (4Q21) EZ: HICP (Feb, flash) US: ADP employment change (Feb)	3 DE: PMI services (Feb) EZ: PMI services (Feb) EZ: Unemployment rate (Jan) US: ISM services (Feb) US: Durable goods orders (Jan)	4 HU: industrial output (Jan) DE: Retail sales (Jan) DE: Trade balance (Jan) EZ: Retail sales (Jan) US: Non-farm payrolls (Feb) US: Unemployment rate (Feb)
7 DE: Factory orders (Jan)	8 PL: NBP interest rate decision DE: industrial output (Jan) EZ: GDP (4Q21)	9 HU: CPI (Feb)	10 PL: MPC minutes CZ: CPI (Feb) EZ: ECB interest rate decision US: CPI (Feb)	11 CZ: industrial output (Jan) DE: CPI (Feb) US: Michigan index (Mar, flash)
14 EZ: industrial output (Jan)	15 PL: CPI (Feb and Jan revision) DE: ZEW (Mar)	16 PL: Core CPI (Jan, Feb) PL: C/A (Jan) US: Retail sales (Feb) US: FOMC interest rate decision	17 EZ: HICP (Feb) US: House starts (Feb) US: industrial output (Feb)	18 PL: Wages and employment (Feb) PL: Industrial output (Feb) PL: PPI (Feb) US: Home sales (Feb)
21 PL: construction output (Feb) PL: retail sales (Feb)	22 PL: M3 (Feb) HU: MNB interest rate decision DE: PPI (Feb) US: Consumer sentiment (Mar)	23 PL: Unemployment rate (Feb) US: New home sales (Feb)	24 DE: PMI (Mar, flash) EZ: PMI (Mar, flash) US: PMI (Mar, flash) US: Durable goods orders (Feb, flash)	25 DE: Ifo (Mar) EZ: M3 (Feb) US: pending home sales (Feb)
28 US: Wholesale inventories (Feb)	29	30 DE: HICP (Mar, flash) EZ: ESI (Mar) US: ADP employment change (Mar)	31 PL: C/A (4Q21) CZ: CNB interest rate decision CZ: GDP (4Q21, final) US: personal incomes (Feb) US: PCE inflation (Feb)	

Source: GUS, NBP, Ministry of Finance, Bloomberg

Calendar of MPC meetings and data releases for 2022

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
ECB decision		3	10	14		9	21		8	27		15
Fed decision	26		16		4	15	27		21		2	14
MPC decision	4	8	8	6	5	8	7		7	5	9	7
MPC minutes	7	10	10	8	6	10	8	25		7	10	9
Flash GDP*		15			17			17			15	
GDP*		28			31			31			30	
CPI	14	15	15	15	13	15	15	12	15	14	15	15
Core inflation			16	16	17	16	16	16	16	18	16	16
PPI	21	18	18	21	20	21	20	19	20	20	22	20
Industrial output	21	18	18	21	20	21	20	19	20	20	22	20
Retail sales	24	21	21	22	23	22	21	22	21	21	23	21
Gross wages, employment	21	18	18	21	20	21	20	19	20	20	22	20
Foreign trade	17	15	15	15	17	15	15	16	15	14	17	15
Balance of payments*			31									
Balance of payments	13	14	16	13	13							
Money supply	26	22	22	25	24							

Source: GUS, NBP, Ministry of Finance, * quarterly data

Economic data and forecasts for Poland

Monthly economic indicators

		Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
PMI	pts	53.4	54.3	53.7	57.2	59.4	57.6	56.0	53.4	53.8	54.4	56.1	54.5	54.7	52.0
Industrial production	% y/y	2.5	18.6	44.2	29.7	18.1	9.5	13.0	8.7	7.6	14.8	16.3	19.2	17.7	10.2
Construction production	% y/y	-16.9	-10.8	-4.2	4.7	4.5	3.2	10.2	4.2	4.1	12.8	3.1	20.8	14.4	6.6
Retail sales (current prices)	% y/y	-2.7	17.1	25.7	19.1	13.0	8.9	10.7	11.1	14.4	21.2	16.9	20.0	16.2	13.7
Unemployment rate	%	6.5	6.4	6.3	6.1	5.9	5.8	5.8	5.6	5.5	5.4	5.4	5.5	5.5	5.4
Gross wages in corporate sector	% y/y	4.5	8.0	9.9	10.1	9.8	8.7	9.5	8.7	8.4	9.8	11.2	9.5	10.1	9.6
Employment in corporate sector	% y/y	-1.7	-1.3	0.9	2.7	2.8	1.8	0.9	0.6	0.5	0.7	0.5	2.3	2.2	2.4
Exports (€)	% y/y	5.6	27.7	66.6	41.4	23.4	12.0	18.1	12.7	9.7	16.3	19.4	25.0	26.6	13.8
Imports (€)	% y/y	6.0	23.6	55.6	52.7	36.6	20.8	30.7	21.8	20.9	29.5	35.9	41.3	30.6	17.8
Trade balance	EUR mn	736	694	1 463	221	515	-837	-1 272	-77	-218	-242	-2 535	-1 461	104	-170
Current account balance	EUR mn	652	71	1 582	-38	-494	-1 362	-1 530	-651	-856	-628	-3 957	-464	-108	-799
Current account balance	% GDP	2.7	2.7	2.9	2.6	1.8	1.6	1.1	0.7	0.3	-0.1	-0.9	-1.3	-1.5	-1.6
Budget balance (cumulative)	PLN bn	0.9	-3.4	9.2	9.4	28.0	35.3	43.4	47.6	51.9	50.4	-26.3	22.3	12.4	5.6
Budget balance (cumulative)	% of FY plan	-1.1	4.2	-11.1	-11.4	-34.0	-42.8	-52.7	-57.8	-63.0	-61.2	32.0	-74.6	-41.5	-18.7
CPI	% y/y	2.4	3.2	4.3	4.7	4.4	5.0	5.5	5.9	6.8	7.8	8.6	9.2	8.6	8.3
CPI excluding food and energy	% y/y	3.7	3.9	3.9	4.0	3.5	3.7	3.9	4.2	4.5	4.7	5.3	6.0	6.5	6.4
PPI	% y/y	2.2	4.2	5.5	6.6	7.2	8.4	9.6	10.3	12.0	13.6	14.4	14.8	15.5	16.6
Broad money (M3)	% y/y	16.3	14.4	11.2	9.0	7.4	8.8	9.1	8.6	8.6	10.1	8.9	7.7	8.1	7.2
Deposits	% y/y	12.0	11.8	9.1	7.0	5.7	7.1	7.4	7.0	7.4	9.4	8.8	7.8	7.8	7.3
Loans	% y/y	-0.8	-2.1	-1.6	-0.3	0.2	1.9	2.3	2.7	3.5	4.8	5.1	4.9	6.3	7.0
EUR/PLN	PLN	4.50	4.60	4.57	4.53	4.50	4.56	4.57	4.57	4.59	4.65	4.62	4.55	4.55	4.75
USD/PLN	PLN	3.72	3.86	3.82	3.73	3.74	3.86	3.88	3.88	3.96	4.07	4.08	4.02	3.99	4.26
CHF/PLN	PLN	4.14	4.16	4.14	4.13	4.11	4.21	4.25	4.21	4.29	4.42	4.44	4.38	4.32	4.53
Reference rate *	%	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.50	1.25	1.75	2.25	2.75	3.25
3M WIBOR	%	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.23	0.61	1.56	2.35	2.78	3.33	3.71
Yield on 2-year T-bonds	%	0.10	0.07	0.09	0.17	0.35	0.36	0.40	0.54	1.55	2.80	3.04	3.31	3.67	4.02
Yield on 5-year T-bonds	%	0.67	0.86	0.85	1.17	1.30	1.15	0.11	1.40	2.14	3.07	3.53	3.98	3.99	4.25
Yield on 10-year T-bonds	%	1.32	1.54	1.56	1.82	1.79	1.63	1.76	2.02	2.61	3.07	3.34	4.00	3.96	4.12

Note: * at the end of the period.

Source: GUS, NBP, Finance Ministry, Santander Bank Polska estimates.

Quarterly and annual economic indicators

		2019	2020	2021	2022	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
GDP	PLN bn	2 293.2	2 326.7	2 603.1	2 863.2	587.4	617.0	647.5	751.3	664.8	684.4	702.0	811.9
GDP	% y/y	4.7	-2.5	5.7	3.5	-0.8	11.2	5.3	7.3	6.1	4.0	2.3	2.2
Domestic demand	% y/y	3.6	-3.4	8.2	3.0	0.3	12.4	8.6	11.2	6.7	3.7	1.0	1.4
Private consumption	% y/y	4.0	-3.0	6.2	4.2	0.1	13.1	4.7	7.9	7.5	5.5	2.0	2.0
Fixed investments	% y/y	6.1	-9.0	8.0	6.2	1.7	5.6	9.3	11.7	-2.5	11.0	8.5	6.0
Industrial production	% y/y	4.2	-1.1	14.5	6.9	7.8	30.2	10.5	12.8	15.3	7.2	5.6	0.6
Construction production	% y/y	3.6	-3.5	1.6	3.0	-12.5	1.8	5.8	6.3	13.1	-2.9	3.1	2.2
Retail sales (constant prices)	% y/y	5.1	-3.0	7.5	2.5	1.2	14.4	6.1	9.0	8.2	4.5	-0.5	-1.2
Unemployment rate *	%	5.2	6.2	5.4	4.9	6.4	5.9	5.6	5.4	5.4	5.0	4.8	4.9
Gross wages in the national economy	% y/y	7.2	5.3	8.9	8.4	6.6	9.6	9.4	9.8	9.5	8.8	8.0	7.4
Employment in the national economy	% y/y	2.2	-1.0	0.2	1.6	-1.4	1.1	0.9	0.3	1.7	1.6	1.4	1.6
Exports (€)	% y/y	7.3	1.3	19.4	8.0	11.3	41.6	14.1	14.9	21.3	8.7	6.0	-2.4
Imports (€)	% y/y	3.6	-3.4	26.1	12.5	8.7	47.7	24.1	28.5	28.9	13.3	10.5	0.5
Trade balance	EUR mn	1 527	12 472	-264	-13 012	2 713	2 204	-2 186	-2 995	-1 527	-680	-5 505	-5 300
Current account balance	EUR mn	2 523	15 287	-5 170	-13 397	2 746	1 066	-3 541	-5 441	-1 370	-1 463	-5 158	-5 406
Current account balance	% GDP	0.5	2.9	-0.9	-2.2	2.7	1.8	0.7	-0.9	-1.6	-2.0	-2.2	-2.2
General government balance	% GDP	-0.7	-7.1	-2.0	-3.0	-	-	-	-	-	-	-	-
CPI	% y/y	2.3	3.4	5.1	7.7	2.8	4.5	5.4	7.7	8.7	8.5	7.6	5.9
CPI *	% y/y	3.4	2.4	8.6	5.3	3.2	4.4	5.9	8.6	8.3	8.6	7.1	5.3
CPI excluding food and energy	% y/y	2.0	3.9	4.1	6.3	3.8	3.8	3.9	4.8	6.3	6.7	6.5	5.7
PPI	% y/y	1.2	-0.6	7.9	13.6	2.5	6.4	9.4	13.3	15.6	15.6	13.2	10.0
Broad money (M3) *	% y/y	8.3	16.4	9.1	5.0	14.4	7.4	8.6	8.9	7.2	7.8	6.6	5.0
Deposits *	% y/y	8.5	12.3	8.8	4.6	11.8	5.7	7.0	8.8	7.3	8.0	7.4	4.6
Loans *	% y/y	5.2	0.2	5.1	7.0	-2.1	0.2	2.7	5.1	7.0	8.2	7.9	7.0
EUR/PLN	PLN	4.30	4.44	4.57	4.60	4.55	4.53	4.57	4.62	4.62	4.65	4.58	4.55
USD/PLN	PLN	3.84	3.89	3.86	4.02	3.77	3.76	3.87	4.04	4.09	4.17	3.97	3.87
CHF/PLN	PLN	3.86	4.15	4.22	4.29	4.17	4.13	4.22	4.38	4.41	4.36	4.22	4.16
Reference rate *	%	1.50	0.10	1.75	4.00	0.10	0.10	0.10	1.75	3.25	4.00	4.00	4.00
3M WIBOR	%	1.72	0.67	0.54	3.95	0.21	0.21	0.22	1.50	3.27	4.06	4.23	4.23
Yield on 2-year T-bonds	%	1.56	0.50	0.79	3.90	0.08	0.20	0.43	2.47	3.66	4.02	3.99	3.95
Yield on 5-year T-bonds	%	1.99	0.96	1.39	4.09	0.65	1.10	0.89	2.91	4.07	4.18	4.10	4.03
Yield on 10-year T-bonds	%	2.41	1.52	1.97	4.07	1.35	1.73	1.80	3.01	4.03	4.14	4.09	4.03

Note: * at the end of period. Source: GUS, NBP, Finance Ministry, Santander Bank Polska estimates.

This analysis is based on information available until 2.03.2022 has been prepared by:

ECONOMIC ANALYSIS DEPARTMENT

al. Jana Pawła II 17, 00-854 Warszawa (+48) 22 586 8340

Email: ekonomia@santander.pl Web site: <https://www.santander.pl/en/economic-analysis>

Maciej Reluga* – Chief Economist

tel. (+48) 22 534 1888. Email: maciej.reluga@santander.pl

Piotr Bielski* – Director +48 691 393 119

Marcin Luzziński* – Economist +48 510 027 662

Grzegorz Ogonek* – Economist +48 609 224 857



TREASURY SERVICES DEPARTMENT

Poznań

pl. Gen. W. Andersa 5
61-894 Poznań

tel. (+48) 61 856 58 14/30

fax (+48) 61 856 4456

Warszawa

al. Jana Pawła II 17
00-854 Warszawa

tel. (+48) 22 586 83 20/38

fax (+48) 22 586 8340

Wrocław

ul. Robotnicza 11
53-607 Wrocław

tel. (+48) 71 369 9400

fax (+48) 71 370 2622

IMPORTANT DISCLOSURES

This report has been prepared by **Santander Bank Polska S.A.** and is provided for information purposes only. **Santander Bank Polska S.A.** is registered in Poland and is authorised and regulated by The Polish Financial Supervision Authority.

This report is issued in Poland by **Santander Bank Polska S.A.**, in Spain by Banco Santander, S.A., under the supervision of the CNMV and in the United Kingdom by Banco Santander, S.A., London Branch ("Santander London"). Santander London is registered in the UK (with FRN 136261) and subject to limited regulation by the FCA and PRA. **Santander Bank Polska S.A.**, Banco Santander, S.A. and Santander London are members of Grupo Santander. A list of authorised legal entities within Grupo Santander is available upon request.

This material constitutes "investment research" for the purposes of the Markets in Financial Instruments Directive and as such contains an objective or independent explanation of the matters contained in the material. Any recommendations contained in this document must not be relied upon as investment advice based on the recipient's personal circumstances. The information and opinions contained in this report have been obtained from, or are based on, public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate, complete or up to date and it should not be relied upon as such. Furthermore, this report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any securities or other investment. Information and opinions contained in the report are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient, are subject to change without notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein.

Any reference to past performance should not be taken as an indication of future performance. This report is for the use of intended recipients only and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without the prior written consent of **Santander Bank Polska S.A.**

Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realised. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report.

The material in this research report is general information intended for recipients who understand the risks associated with investment. It does not take into account whether an investment, course of action, or associated risks are suitable for the recipient. Furthermore, this document is intended to be used by market professionals (eligible counterparties and professional clients but not retail clients). Retail clients must not rely on this document.

To the fullest extent permitted by law, no Santander Group company accepts any liability whatsoever (including in negligence) for any direct or consequential loss arising from any use of or reliance on material contained in this report. All estimates and opinions included in this report are made as of the date of this report. Unless otherwise indicated in this report there is no intention to update this report.

Santander Bank Polska S.A. and its legal affiliates may make a market in, or may, as principal or agent, buy or sell securities of the issuers mentioned in this report or derivatives thereon. **Santander Bank Polska S.A.** and its legal affiliates may have a financial interest in the issuers mentioned in this report, including a long or short position in their securities and/or options, futures or other derivative instruments based thereon, or vice versa.

Santander Bank Polska S.A. and its legal affiliates may receive or intend to seek compensation for investment banking services in the next three months from or in relation to an issuer mentioned in this report. Any issuer mentioned in this report may have been provided with sections of this report prior to its publication in order to verify its factual accuracy.

Santander Bank Polska S.A. and/or a company in the Santander Group is a market maker or a liquidity provider for EUR/PLN.

Santander Bank Polska S.A. and/or a company of the Santander Group has been lead or co-lead manager over the previous 12 months in a publicly disclosed offer of or on financial instruments issued by the Polish Ministry of Finance or Ministry of Treasury.

Santander Bank Polska S.A. and/or a company in the Santander Group expects to receive or intends to seek compensation for investment banking services from the Polish Ministry of Finance or Ministry of Treasury in the next three months.

ADDITIONAL INFORMATION

Santander Bank Polska S.A. or any of its affiliates, salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, **Santander Bank Polska S.A.** or any of its affiliates' trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

Investment research issued by **Santander Bank Polska S.A.** is prepared in accordance with the Santander Group policies for managing conflicts of interest. In relation to the production of investment research, **Santander Bank Polska S.A.** and its affiliates have internal rules of conduct that contain, among other things, procedures to prevent conflicts of interest including Chinese Walls and, where appropriate, establishing specific restrictions on research activity. Information concerning the management of conflicts of interest and the internal rules of conduct are available on request from **Santander Bank Polska S.A.**

COUNTRY & REGION SPECIFIC DISCLOSURES

Poland (PL): This publication has been prepared by **Santander Bank Polska S.A.** for information purposes only and it is not an offer or solicitation for the purchase or sale of any financial instrument. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Information presented in the publication is not an investment advice. Resulting from the purchase or sale of financial instrument, additional costs, including taxes, that are not payable to or through **Santander Bank Polska S.A.**, can arise to the purchasing or selling party. Rates used for calculation can differ from market levels or can be inconsistent with financial calculation of any market participant. Conditions presented in the publication are subject to change. Examples presented in the publication is for information purposes only and shall be treated only as a base for further discussion.

U.K. and European Economic Area (EEA): Unless specified to the contrary, issued and approved for distribution in the U.K. and the EEA by Banco Santander, S.A. Investment research issued by Banco Santander, S.A. has been prepared in accordance with Grupo Santander's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. Many European regulators require that a firm establish, implement and maintain such a policy. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only regarded as being provided to professional investors (or equivalent) in their home jurisdiction.

© Santander Bank Polska S.A. 2020. All Rights Reserved.