

BASE PROSPECTUS



Bank Polski

Powszechna Kasa Oszczędności Bank Polski S.A.

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

EUR 4,000,000,000

Euro Medium Term Note Programme

Under this EUR 4,000,000,000 Euro Medium Term Note Programme (the **Programme**), Powszechna Kasa Oszczędności Bank Polski 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).

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 4,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" 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.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier* (the **CSSF**), as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes. By approving this Base Prospectus, the CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer. The Issuer has requested the CSSF to provide the competent authority of the Republic of Poland with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Regulation.

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on

the Official List of the Luxembourg Stock Exchange. Applications may also be made for such Notes to be admitted to trading on the regulated market of the Warsaw Stock Exchange (**WSE**).

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange or have been admitted to trading on the regulated market of the WSE. Each of the regulated market of the Luxembourg Stock Exchange and the WSE is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU, as amended, **MiFID II**).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for a period of 12 months after its approval in relation to Notes which are admitted to trading on a regulated market in the European Economic Area (the EEA) and, accordingly, ceases to be valid from 15 March 2025, at the latest. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF.

Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.luxse.com). Copies of Final Terms in relation to Notes to be listed on the WSE will also be published on the website of the WSE (www.gpw.pl).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The senior unsecured rating for the Programme from Moody's Investors Service Cyprus Ltd. (**Moody's**) is A3. The senior non-preferred rating for the Programme from Moody's is Baa3.

Moody's is established in the EEA and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Moody's is not established in the United Kingdom (**UK**) and has not applied for registration under Regulation (EC) No. 1060/2009 as it forms part of domestic law of the UK by virtue of the European Union Withdrawal Act 2018 (the **EUWA**) (the **UK CRA Regulation**). Accordingly, the ratings issued by Moody's have been endorsed by Moody's Investors Service Limited in accordance with the UK CRA Regulation and have not been withdrawn. Moody's Investors Service Limited is established in the UK and registered under the UK CRA Regulation. As such, the ratings issued by Moody's may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

Notes issued under the Programme may be rated or unrated by the rating agency referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not

necessarily be the same as the rating assigned to the Programme by the relevant rating agency. 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.

Amounts payable on Floating Rate Notes will be calculated by reference to one of EURIBOR, WIBOR, SOFR or SONIA as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of EURIBOR and WIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **EU Benchmarks Regulation**) but not the register of administrators of the FCA under Article 36 of Regulation (EU) No. 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA (the **UK Benchmarks Regulation**). As at the date of this Base Prospectus, the administrators of SONIA and SOFR are not included in such registers. As far as the Issuer is aware, under Article 2 of the EU Benchmarks Regulation and the UK Benchmarks Regulation, the administrator of SONIA, the Bank of England and the administrator of SOFR, the Federal Reserve Bank of New York, are not currently required to obtain recognition or endorsement, or to benefit from an equivalence decision.

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, directly or indirectly, 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 Dealer

Powszechna Kasa Oszczędności Bank Polski S.A.

The date of this Base Prospectus is 15 March 2024.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation. When used in this Base Prospectus, Prospectus Regulation means Regulation (EU) 2017/1129.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer confirms that any information which has been extracted from an external source has been accurately reproduced and that, so far as it is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Base Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

STABILISATION – In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting 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 persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms 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 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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), 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 Prospectus Regulation. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, 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 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 of the UK by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**); or (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 domestic law of the UK 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 of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law of the UK 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.

MiFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "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.

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

UK MiFIR product governance / target market – The Final Terms 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 person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the 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 target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of 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.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including Belgium and Poland), the United Kingdom and Japan, see "*Subscription and Sale*".

PRESENTATION OF INFORMATION IN THE BASE PROSPECTUS

Presentation of financial information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer and the Group has been derived from the audited consolidated financial statements of the Group as at and for the financial years ended 31 December 2023 (the **2023 Consolidated Financial Statements**) and 31 December 2022 (the **2022 Consolidated Financial Statements**) and, together with the 2023 Consolidated Financial Statements, the **Annual Consolidated Financial Statements**).

The Issuer'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 Annual Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the EU.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

In this Base Prospectus, all references to:

- *U.S. dollars*, *U.S.\$* and \$ refer to United States dollars;

- *zloty, PLN* and *zł* refer to Polish zloty;
- *UAH* and *hryvna* refer to Ukrainian hryvna; and
- *euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

References to a **billion** are to a thousand million.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in 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.

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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OVERVIEW OF THE PROGRAMME

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 and if appropriate, a new Base Prospectus will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No. 2019/980.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:	Powszechna Kasa Oszczędności Bank Polski S.A.
Issuer Legal Entity Identifier (LEI):	P4GTT6GF1W40CVIMFR43
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under " <i>Risk Factors</i> ".
Description:	Euro Medium Term Note Programme
Arranger:	Powszechna Kasa Oszczędności Bank Polski S.A.
Dealers:	Powszechna Kasa Oszczędności Bank Polski S.A. and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ").
Issuing and Principal Paying Agent:	The Bank of New York Mellon, London Branch.
Programme Size:	Up to EUR 4,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private placement or more widely and in each case on a syndicated or non-syndicated basis.

Currencies:	Subject to any applicable legal or regulatory restrictions, notes may be denominated in euro, Sterling, U.S. dollars, yen and any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in either bearer or registered form as described in " <i>Form of the Notes</i> ". Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined on the basis of the reference rate set out in the applicable Final Terms.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p>
Benchmark Discontinuation:	In the event that a Benchmark Event or Benchmark Transition Event (as applicable) occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Final Terms, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Notes and the application of an adjustment spread (which could be positive, negative or zero)). See

Condition 6.2 (*Interest on Floating Rate Notes*) for further information.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default (in respect of Ordinary Notes that are not Senior MREL Notes) or (in respect of Tier 2 Subordinated Notes only) a Capital Disqualification Event or (where specified as applicable in the applicable Final Terms, in respect of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, only) an MREL Disqualification Event) or that such Notes will be redeemable at the option of the Issuer and/or, in the case of Ordinary Senior Notes only, the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms.

Notes may be redeemed prior to their original maturity only in compliance with Applicable Banking Regulations (as defined in Condition 3.5 (*Definitions*)) then in force and, with the consent of the Competent Authority or the Relevant Resolution Authority, as applicable.

Substitution and Variation:

If Substitution and Variation is specified in the applicable Final Terms as being applicable (other than in respect of any Ordinary Senior Notes that are not Senior MREL Notes) if at any time (i) (in respect of Tier 2 Subordinated Notes) a Capital Disqualification Event occurs or (ii) (in respect of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes where MREL Disqualification Event is specified as applicable in the applicable Final Terms) an MREL Disqualification Event occurs, or (iii) a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 8.2 (*Redemption for tax reasons*) occurs and is continuing, or to ensure the effectiveness of the enforceability of Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*), the Issuer may either substitute all (but not some only) of the Notes for, or modify the terms of the Notes accordingly, provided that they remain or, as appropriate, so that they become, Qualifying Notes. See Condition 12 (*Substitution and variation*).

Denomination of Notes:

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 will be such amount as may be allowed or required from time to time by the

relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amounts in such currency).

- Taxation:** All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 9 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 9 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted (in respect of interest only, in respect of Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes).
- Negative Pledge:** The terms of the Notes will contain a negative pledge provision as further described in Condition 4 (*Negative Pledge*).
- Cross Default:** The terms of the Ordinary Senior Notes that are not Senior MREL Notes only will contain a cross default provision as further described in Condition 11 (*Events of Default*).
- Status of the Notes:** Notes may be either Ordinary Senior Notes (which may be Senior MREL Notes), Senior Non Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes, as more fully described in Condition 3 (*Status of the Notes*) and all as specified in the applicable Final Terms.
- Rating:** The senior unsecured rating for the Programme from Moody's is A3. The senior non-preferred rating for the Programme from Moody's is Baa3. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme. 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.
- Listing and admission to trading:** Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. Applications may also be made for Notes issued under the Programme to be listed on the WSE.
- The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law, except for conditions 3 (*Status of the Notes*), 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*) and 22 (*Recognition of Stay Powers*) which will be governed by Polish law.

Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including Belgium and Poland), the United Kingdom and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

United States Selling Restrictions: Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer 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 Issuer becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer 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 Issuer's control. The Issuer 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.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Risks relating to the Bank's business activity and industry

The regulatory intervention concerning borrowers under mortgage loans may have an adverse effect on the Group's financial condition

The Monetary Policy Council (in Polish: *Rada Polityki Pieniężnej*, the MPC), to reduce the inflation in Poland towards the inflation target of 2.5 per cent. (-/+ one percentage point) increased the Polish reference rates from 0.10 per cent. in October 2021 to 6.75 per cent. on September 2022. Although as of the date of this Base Prospectus, the main Polish reference rate is 5.75 per cent., the increase in the reference rate led to an increase of WIBOR, a benchmark which is the basis for determining the interest rate for the majority of floating rate loans denominated in PLN, including loans granted by the Bank.

To alleviate the effect the increased interest rates may have on the financial condition of households, the Polish parliament passed the Act dated 7 July 2022 on Crowdfunding and Supporting Borrowers (in Polish: *Ustawa z dnia 7 lipca 2022 r. o finansowaniu społecznościowym dla przedsięwzięć gospodarczych i pomocy kredytobiorcom*, the **Act on Supporting Borrowers**), which came into force on 29 July 2022.

The Act on Supporting Borrowers: (i) introduced the possibility for the borrowers to suspend the repayment of mortgage loan instalments, (ii) imposes an obligation on banks to pay an additional contribution to the Borrowers Support Fund (in Polish: *Fundusz Wsparcia Kredytobiorców*), and (iii) introduced a procedure for replacing WIBOR with a new benchmark. Under the Act on Supporting Borrowers, a borrower under a mortgage loan denominated in PLN, who was a consumer could suspend the repayment of one loan agreement which was provided to finance its own housing needs. The suspension period was two months in the period from 1 August 2022 to 30 September 2022, another two months in the period from 1 October 2022 to 31 December 2022 and one month in each calendar quarter from 1 January 2023 to 31 December 2023. During the suspension period, the borrower did not have to make any payments due to the lender under the loan agreement (including interest, principal amount and fee), except for payments of the insurance premiums linked to the loan agreement. The suspension was effective automatically upon the delivery of the application to the lender. The maturity of the loan was extended by the duration of the suspension period. The lender could not charge interest and fees, other than the insurance premiums linked to the loan agreement, during the suspension period. The right to request a suspension applied to loan agreements entered into before 1 July 2022, provided that the maturity date of the loan fell after 1 January 2023.

By the end of December 2023, 298.5 thousand of the Group's customers submitted an application to suspend the repayment of their mortgage loans, representing 54 per cent. of the total number of loans and 64 per cent. of the gross carrying amount of total eligible loans. The aggregate number of suspended instalments as at 31 December 2023 was 2,055 thousand, representing 47 per cent. of the maximum number of instalments that could be suspended.

In the fourth quarter of 2023, the Group estimated the actual level of the loss arising from the suspension of repayment of mortgage loans, taking into account, among others, empirical data on the customers' participation rate of loan prepayments made by customers throughout the period of in which they could suspend the repayment of their loans.

Based on this analysis, in the fourth quarter of 2023 the Group has partially reversed the loss arising from the suspension of repayment of mortgage loans and reduced, proportionally, the amortisation of this loss. The total effect recognised in the Group's accounting books was PLN 105 million (including a reduction in the loss recognised in July 2022 of PLN 130 million and a proportional reduction in amortisation to date of PLN 25 million), which translated into an increase in net interest income and a decrease in the adjustment of the gross carrying amount of loans. The realised loss on suspension of repayment of mortgage loans, excluding the effect of amortisation, was PLN 2,980 million, compared to PLN 3,111 million recognised in July 2022.

On 5 March 2024 the Polish government proposed an amendment to the Act on Supporting Borrowers. The purpose of the amendment is to enable the borrowers under mortgage loans to request the suspension repayment of mortgage loans also in 2024. The suspension period would be May and June 2024 and then one month in each calendar quarter from 1 July 2024 to 31 December 2024. The suspension would be available only to borrowers for whom a loan instalment exceed 30 per cent. of their household income or who support at least three children and signed the loan agreement before 1 July 2022. The loan amount may not exceed PLN 1.2 million. The amendment must be approved by the Polish parliament and signed by the President of Poland to become binding law so it is not certain when it will be passed and whether it will be passed at all. Extending the suspension of repayment of mortgage loans to 2024 could have a negative effect on the Bank's financial condition.

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

The Group conducts its operations mainly 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 gross domestic product (**GDP**) growth or economic stagnation, 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 3.9 per cent. year-on-year in January 2024, it is still much higher than the inflation target set by the National Bank of Poland (the **NBP**), which is 2.5 per cent. (-/+ one percentage point) 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.

The war in Ukraine has materially affected the Group's operations in Ukraine

The Group provides banking and financial services in Ukraine, mainly through Kredobank group and several other subsidiaries. The war in Ukraine had a material adverse effect on the Ukrainian banking sector and the Group's operations and its consequences may become even more material in the future. A large number of Ukrainian companies had to reduce the scale of their operations or suspend them completely. There have been major disruptions to the Ukrainian infrastructure and transportation links. The Ukrainian banking sector was negatively affected by the following circumstances:

- disruptions to the operations of Ukrainian branches and ATMs, significant damage to or destruction of the banking infrastructure in war zones;
- a reduction in the loan portfolio due to the cessation of new lending by banks (with the exception of lending by state banks to sectors and enterprises critical to the war effort);
- the inability of some borrowers to service loans, deterioration in repayment due to the closure of many enterprises, loss of sources of income for individuals, the forced relocation of millions of Ukrainian citizens; and
- restrictions on the foreign exchange market, including foreign exchange trading.

In assessing the possible scenarios and location of assets of its Ukrainian companies, the Group estimates potential losses to be lower than the industry average and not to affect the ability of the Ukrainian companies to continue as a going concern.

Risks relating to the Group's financial situation

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

Polish banks have granted a large number of mortgages denominated in Swiss francs or indexed to Swiss francs (**CHF Mortgage Loans**). CHF Mortgage Loans were an extremely popular product due to, among other things, low interest rates. Due to the rapid appreciation of the Swiss franc, monthly instalments of CHF Mortgage Loans and the outstanding principal amounts of CHF Mortgage Loans increased significantly. For this reason, many CHF Mortgage Loan borrowers have decided to bring an action for annulment of their CHF Mortgage Loan agreements or some of their provisions. The Bank has a significant portfolio of CHF Mortgage Loans and is a defendant in a number of disputes concerning this portfolio and mortgage loans denominated in other foreign currencies or indexed to other foreign currencies. For more information on the Bank's CHF Mortgage Loan portfolio and the disputes concerning the portfolio of the CHF Mortgage Loans and mortgage loans granted in other foreign currencies, please see "*Description of the Group – Litigation – Disputes relating to mortgage loans in foreign currencies*".

If the results of the majority of the lawsuits against the Bank concerning the CHF Mortgage Loans are unfavourable for the Bank, the Group's financial condition may materially deteriorate.

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

An increase in the reference rates led to an increase of WIBOR, a benchmark which is the basis for determining the interest rate for the majority of floating rate loans denominated in PLN. Certain borrowers under such loans 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 at 31 December 2023 there were 147 pending court proceedings against the Group in which the Group's customers challenge their mortgage loan agreements for floating rate loans denominated in PLN. 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 decide 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 value of the Group's investment and trading portfolios may decrease

The Group's portfolio of securities comprises debt and equity securities and investment certificates. 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 2023, the debt instruments issued by the State Treasury constituted 60.28 per cent. of the Group's debt securities portfolio (out of which 50.9 per cent. was measured at amortised cost) and corporate bonds denominated in PLN and guaranteed by the State Treasury constituted 12.12 per cent. of the Group's debt securities portfolio (out of which 57.2 per cent. was measured at amortised cost). A decrease in the price of such securities may occur as a result of several factors, in particular:

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

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

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

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

The Group has substantial assets, associated with foreign exchange derivatives, which include foreign exchange swaps, forwards and options conducted with other banking and non-banking clients. These foreign exchange derivatives require the customer to provide collateral if the instrument reaches a prescribed loss level.

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 or the downgrading of the rating applicable to Poland.

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

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

The net interest income achieved by the Group depends to a large extent on the levels of the Group's interest-bearing assets and liabilities and the average interest rates on interest-earning assets and interest-bearing liabilities. In order to stabilise the interest margin and reduce the sensitivity of interest income and economic value, the Group hedges some of the interest bearing assets and liabilities through IRS transactions as part of hedge accounting.

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 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 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.

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

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 2023, gross housing and mortgage loans to individuals (retail mortgage loans) constituted a material part (76.8 per cent.) of the Group's total net 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 collateral in a timely and effective manner would not deteriorate significantly.

Prepayment of mortgage loans with a periodically fixed interest rate may affect the return on the Group's loan portfolio

The share of mortgage loans with a periodically fixed interest rate in the Group's loan portfolio has increased from almost zero per cent. as at 31 December 2020 to 27.3 per cent. as at 31 December 2023. Under the Polish consumer protection laws the Group may not be able to charge borrowers under such loans prepayment fees if these borrowers decide to repay their loans before their maturity. Additionally, even if these loans are prepaid, the Group may still have to make payments to counterparties of the interest rate swaps entered into in connection with these mortgage loans. If a large number of customers decide to prepay their mortgage loans, not only the Group's return on the loan portfolio may be materially affected, but the Group will also have to bear the costs of the hedging arrangements concerning this loan portfolio. The occurrence of any of these factors may have an adverse effect on the Group's business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

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

The Group faces liquidity risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As a result, litigation, administrative and other proceedings may adversely affect the Group's business, financial condition and results of operations. As at 31 December 2023, the Group estimated the total cumulative impact of legal risk associated with mortgage loans in convertible currencies in the Group's loan portfolio, including the CHF Mortgage Loans to be PLN 11,307 million. Provisions for other legal claims, excluding claims relating to mortgage loans in convertible currencies, as at 31 December 2023, amounted to PLN 114 million.

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

The Bank is exposed to various environmental, social and governance (**ESG**) risks that may arise from its operations, products, services, clients, suppliers, regulators and other stakeholders. These risks include, but are not limited to, the following:

- environmental risks, such as climate change, natural disasters, pollution, resource scarcity, biodiversity loss, environmental regulation and litigation, and transition risks associated with the shift to a low-carbon economy;
- social risks, such as human rights, labour standards, health and safety, diversity and inclusion, customer protection, social responsibility, community engagement, social unrest and litigation; and
- governance risks, such as corporate governance, ethics, compliance, anti-corruption, anti-money laundering, data protection, cyber security, tax transparency and litigation.

The Bank has adopted policies and procedures to identify, assess, manage and disclose its ESG risks and opportunities, and to align its business strategy with the relevant ESG standards and frameworks. However, the Bank cannot guarantee that its ESG policies and procedures are adequate, effective or

consistent with the expectations of its stakeholders or the market. Moreover, the Bank may face increased costs, liabilities, penalties, sanctions, litigation, reputational damage, loss of business opportunities, competitive disadvantage or regulatory intervention as a result of its ESG risks or its failure to comply with applicable ESG laws, regulations, standards or best practices. The Bank may also be subject to changes in the ESG preferences, demands or behaviours of its investors, clients, employees, suppliers or other stakeholders, which may affect its ability to access funding, generate revenues, retain talent, manage costs or maintain its social licence to operate.

The occurrence of any of these ESG risks, individually or in combination, could have a material adverse effect on the Bank's business, reputation, financial condition and results of operations, and could impair its ability to fulfil its obligations under the Notes.

Risks related to legal and regulatory environment

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

The Bank and the Group are subject to the capital requirements regulations of the European Union and Poland, which impose minimum capital ratios and other prudential standards on credit institutions and investment firms. These regulations are intended to ensure the financial soundness and stability of the Banks and the banking sector as a whole, and to protect depositors and investors. The Bank is required to maintain adequate capital resources to cover its risks and to comply with various quantitative and qualitative criteria, such as the common equity tier 1 ratio, the tier 1 ratio, the total capital ratio, the leverage ratio, the liquidity coverage ratio, the net stable funding ratio, the large exposures limit, the countercyclical capital buffer, the systemic risk buffer, the capital conservation buffer and the additional capital requirements for systemically important institutions. The Bank's compliance with these regulations is monitored and supervised by the Polish Financial Supervision Authority (in Polish: *Komisja Nadzoru Finansowego*, the **KNF**), which has the power to impose administrative sanctions, remedial measures or restrictions on the Bank's activities or distributions in case of non-compliance or breach of the regulations. For a description of the capital requirements applicable to the Group, please see "*Description of the Group – Capital Management*".

The capital requirements regulations are subject to change and may be amended or supplemented from time to time, either at the EU level or at the national level, in response to market developments, regulatory initiatives, international standards or other factors. Such changes may affect the Bank's ability to meet the applicable capital ratios and standards, or may require the Bank to raise additional capital, reduce its risk-weighted assets, modify its business model, strategy or operations, or incur additional costs or charges. The Bank cannot predict the timing, scope or impact of any future changes in the capital requirements regulations or the interpretation or enforcement thereof by the relevant authorities.

Any failure by the Bank to comply with the capital requirements regulations, or any adverse changes in the capital requirements regulations or their application, could have a material adverse effect on the Bank's financial condition, results of operations, reputation and prospects, and could impair its ability to fulfil its obligations under the Notes. In addition, any non-compliance or breach of the capital requirements regulations could trigger cross-default provisions or acceleration clauses in the Bank's other debt instruments or contractual arrangements, or affect the Bank's credit ratings, access to funding, liquidity or profitability. Furthermore, any non-compliance or breach of the capital requirements regulations could expose the Bank to regulatory actions, investigations, penalties, fines, sanctions, injunctions, reputational damage or litigation, which could have a material adverse effect on the Bank and the Notes.

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.

The Bank 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 is a member 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 Polish resolution authority, the Banking Guarantee Fund (in Polish: *Bankowy Fundusz Gwarancyjny*, 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 2023 the value of the Group's BGF contribution for both funds amounted to PLN 280 million, compared to PLN 409 million in 2022. After making an initial

contribution of PLN 956 million to the voluntary institutional protection scheme in 2022, the Bank's did not make any additional contribution to this scheme in 2023.

Due to the 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, who conducts an inspection at least once a year.

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. 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.

The impact of competition and consumer protection legislation

The Group's business must comply with regulations regarding competition, consumer protection and public aid. Under the Polish Act on Protection of Competition and Consumers, the President of the Office for Competition and Consumer Protection (in Polish: *Urząd Ochrony Konkurencji i Konsumentów*, the **OCCP**) has the right to issue a decision stating that a business entity is participating in an arrangement which aims at or results in the limitation of competition. Moreover, the President of the OCCP may accuse business entities having a dominant position in the Polish market of an abuse of such position. Having determined that such practice has taken place, the President of the OCCP may order the discontinuance of such practices and may also impose a fine. The President of the OCCP also has the authority to declare that the provisions of agreements, as well as the tariffs and fees used by a particular business, violate the collective interest of consumers and, as a consequence, may order the discontinuance of such agreements and impose a fine on the business.

If there is any suspicion of a breach which could impact trade between Member States, the Treaty Establishing the European Community and other community legislation apply directly, while the authority competent to enforce them is the European Commission or the President of the OCCP. Within the scope of their competencies, the European Commission or the President of the OCCP may come to the conclusion that a specific action of a business entity constitutes a prohibited action that restricts competition and is an abuse of market position or breach of common consumer interests, and they may prohibit any such practices or apply other sanctions provided for in the community law regulations or the Act on Protection of Competition and Consumers, which may adversely affect the business, financial condition and results of operations of the Group.

The current developments regarding the strengthening of consumer rights might lead to further obligations being imposed on the Group, which, in the case of a failure to comply with such rules, could adversely affect the business, financial condition and results of operations of the Group.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes 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.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Limitation on gross-up obligation under the Notes

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of Notes that are Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes applies only to payments of interest due and paid under such Notes and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of any such 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 such Notes, their holders may receive less than the full amount due under the Notes, and the market value of the Notes may be adversely affected. Holders of Notes should note that principal for these purposes may include any payments of premium.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including the euro interbank offered rate (**EURIBOR**) and Warsaw interbank offered rate (**WIBOR**)) are the subject of national and international regulatory guidance 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). The UK Benchmarks Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the Financial Conduct Authority (the **FCA**) or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

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

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 National Bank of Poland (**NBP**), the KNF and the largest Polish financial institutions. On 28 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, which was updated in October 2023, financial products based on WIRON were to be introduced in 2023 and WIBOR will be withdrawn in 2027. Although certain Polish banks introduced a limited range of products based on WIRON, as of the date of this Base Prospectus they are still not very popular.

The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates. On 4 December 2023, the group issued its final statement, announcing completion of its mandate.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as

a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

Benchmark discontinuation under the Conditions

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event or a Benchmark Transition Event (as applicable) occurs in respect of the Original Reference Rate for the relevant series of Notes, including (without limitation) if an inter-bank offered rate (such as EURIBOR or WIBOR) or other relevant reference rate (which could include, without limitation, any mid-swap rate), and/or 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), as applicable, otherwise occurs.

Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor, alternative or a Benchmark Replacement (as defined in the Terms and Conditions) together with the application of an adjustment spread or Benchmark Replacement Adjustment (as defined in the Terms and Conditions) (which could be positive, negative or zero), and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the new benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser) and as more fully described at Condition 6.2 (*Interest on Floating Rate Notes*). However, the Issuer will not be required to implement a successor, alternative or Benchmark Replacement or any adjustment spread or Benchmark Replacement Adjustment or make any amendments to the Conditions of any Notes if and to the extent that, in its determination, the same could reasonably be expected to impact adversely the treatment of the Notes under the prudential or loss-absorption regulations in certain respects, and in such case the Issuer may, subject to certain conditions, be able to apply the provisions of Condition 6.2 (*Interest on Floating Rate Notes*) on an adjusted basis to avoid that outcome, all as more fully described under Condition 6.2(c)(i)(D). It is possible that the adoption of a successor or alternative rate or Benchmark Replacement, including any adjustment spread or Benchmark Replacement Adjustment, may result in a rate of interest less favourable to holders than the Original Reference Rate.

There is also a risk that the relevant fallback provisions may not operate as expected or as intended at the relevant time.

The market continues to develop in relation to SONIA and SOFR as a reference rate

Where the applicable Final Terms for a Series of Floating Rate Notes identifies that the Rate of Interest for such Notes will be determined by reference to SONIA or SOFR, the Rate of Interest will be determined on the basis of the relevant reference rate (as further described in the Terms and Conditions of the Notes). All such rates are based on 'overnight rates'. Overnight rates differ from interbank offered rates, such as LIBOR, in a number of material respects, including (without limitation) that such rates are backwards-looking, risk-free overnight rates, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that overnight rates may behave materially differently as interest reference rates for Notes issued under the Programme compared to interbank offered rates. The use of overnight rates as reference rates for Eurobonds is subject to continued change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such overnight rates.

Accordingly, prospective investors in any Notes referencing any overnight rates should be aware that the market continues to develop in relation to such rates in the capital markets and their adoption as an alternative to interbank offered rates such as LIBOR. Market participants, industry groups and/or central bank-led working groups have explored compounded and weighted average rates and observation methodologies for such rates (including so-called 'shift', 'lag', and 'lock-out' methodologies) and forward-looking 'term' reference rates derived from these overnight rates have also been, or are being, developed. The adoption of overnight rates may also see component inputs into swap rates or other composite rates transferring from LIBOR or another reference rate to an overnight rate.

The market or a significant part thereof may adopt overnight rates in a way that differs significantly from those set out in the Terms and Conditions of the Notes issued under the Programme. In addition, the methodology for determining any overnight rate index by reference to which the Rate of Interest in respect of certain Notes may be calculated could change during the life of any Notes. Furthermore, the Issuer may in the future issue Notes referencing SONIA or SOFR that differ materially in terms of interest determination when compared with any previous SONIA-, or SOFR- referenced Notes issued by it under the Programme. The continued development of overnight rates as interest reference rates for the Eurobond 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.

Furthermore, the Rate of Interest on Notes which reference overnight rates is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference overnight rates to estimate reliably 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 factors could adversely impact the liquidity of such Notes. Further, in contrast to LIBOR-based Notes, if Notes referencing an overnight rate become due and payable as a result of an Event of Default under Condition 11 (*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 only be determined immediately prior to the date on which the Notes become due and payable.

In addition, the manner of adoption or application of overnight rates in the Eurobond markets may differ materially when compared with the application and adoption of the same overnight rates for the same currencies in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of overnight rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing overnight rates.

Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

Risks related to Notes generally

Notes may be required to absorb losses as a result of statutory powers conferred on the Relevant Resolution Authority.

The Noteholders are subject to the risk that the Notes may be required to absorb losses as a result of statutory powers conferred on the Relevant Resolution Authority.

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 and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (the **BRRD**) contains various resolution

tools and powers which may be used alone or in combination where the Relevant Resolution Authority considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest. The powers provided to the Relevant Resolution Authority under the BRRD include, among others, a statutory write-down and conversion power that can be used to ensure that tier 1 and tier 2 subordinated capital instruments (which could include Tier 2 Subordinated Notes) fully absorb losses at the point of non-viability of an institution or its group and before any resolution action is taken. There is also a separate resolution tool, the "bail-in tool", which gives the Relevant Resolution Authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities and to convert certain unsecured debt claims (including Notes) to equity, which equity could also be subject to any future write-down. The bail-in tool can be used to recapitalise an institution that is failing or likely to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. Under the BRRD the point of non-viability of a resolution entity is the point at which the relevant resolution authority determines that the resolution entity or its group: (i) meets conditions for resolution; or (ii) will no longer be viable unless the relevant instruments (such as Notes issued under the Programme) are written down or converted into equity; (iii) requires extraordinary public financial support in any case other than to remedy a serious disturbance in the economy of an EEA member state and to preserve financial stability; or (iv) infringes or, in the near future, will infringe its consolidated prudential requirements in a way that would justify action by the resolution authority.

In addition, the powers granted to the Relevant Resolution Authority under the BRRD include the following resolution tools: (i) to direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or compliance with the procedural requirements that would otherwise apply, (ii) to transfer all or part of the business of the relevant financial institution to a "bridge bank" (a publicly controlled entity), and (iii) to transfer the assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. The BRRD also grants powers to enable the Relevant Resolution Authority to implement the resolution tools, including the power to replace or substitute the relevant financial institution as obligor in respect of debt instruments, the power to modify the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or the power to discontinue the listing and admission to trading of financial instruments. Any application of the "bail-in" power shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on Noteholders will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

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 common equity tier 1 instruments at the point of non-viability (which common equity Tier 1 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-viable 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.

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" protection), there can be no guarantee that any Noteholder or Couponholder 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.

Under the terms of the Notes, investors will agree to be bound by and consent to the exercise of any bail-in power.

The Notes may be subject to the exercise, in the future, of a bail-in power by the Relevant Resolution Authority and the Notes include a contractual consent to the application of the bail-in power and, consequently, investors may lose part or all of their investment in the Notes (see Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*)).

By acquiring Notes, each Noteholder acknowledges, accepts, consents and agrees to be bound by (a) the effect of the exercise of any bail-in power by the Relevant 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; and (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and (b) the variation of the terms of the Notes, if necessary, to give effect to the exercise of any bail-in power by the Relevant Resolution Authority. The exercise of any such powers or any suggestion of, or perception of there being an increased likelihood of, such exercise could materially adversely affect the rights of Noteholders, the price or value of the Notes or the ability of the Issuer to satisfy its obligations under the Notes.

Remedies in case of default in respect of Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or in the case of Tier 2 Subordinated Notes are severely limited.

The Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes will contain limited enforcement events relating to the bankruptcy or the winding-up or liquidation of the Issuer, whether in Poland or any other relevant jurisdiction. In such circumstances, as described in more detail in Condition 11.3 (*Events of Default relating to Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes and Tier 2 Subordinated Notes*), a Noteholder may declare its Notes to be due and payable at their principal amount (or such other redemption amount as may be specified in the applicable Final Terms), and prove or claim in the bankruptcy or liquidation of the Issuer.

However, the Noteholder, may claim payment in respect of such Note only in the winding up or liquidation or, as the case may be, bankruptcy of the Issuer.

Noteholders will not have any rights 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 concerning a Polish bank. Noteholders are therefore dependent upon action being taken by a third party before they have any right to declare their Notes due and payable or have any ability to prove or claim in the bankruptcy or liquidation of the Issuer.

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 a Tax Jurisdiction (as defined in Condition 9), the Issuer may, at its option, redeem all outstanding Notes in whole, but not in part, in accordance with

the Conditions. Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes (as applicable) may also be redeemed for taxation reasons if the Issuer would not be entitled to claim a deduction in computing taxation liabilities in any Tax Jurisdiction in respect of any payment of interest to be made on the Notes on the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced. In each case, the Issuer may only redeem such Notes (i) if such additional payment or inability to claim a tax deduction (as applicable) occurs or the applicable tax treatment of the Notes is materially affected as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and (ii) in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes only if so permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force and subject to the prior consent of the Competent Authority if and as applicable (if such permission is required), as further described in Condition 8.2 (*Redemption for tax reasons*).

Furthermore, if a Capital Disqualification Event occurs as a result of a change (or any pending change which the Competent Authority considers sufficiently certain) in Polish law or law of any other relevant jurisdiction, Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, the Issuer may redeem all, and not some only, of any Series of 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 Competent Authority if and as applicable (if such permission is required), as further described in Condition 8.3 (*Early Redemption due to Capital Disqualification Event*).

In relation to a Series of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes where MREL Disqualification Event has been specified as applicable in the applicable Final Terms only, if an MREL Disqualification Event occurs and is continuing as a result of a change in Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force, and subject to the prior consent of the Competent Authority if and as applicable (if such permission is required), as further described in Condition 8.4 (*Early Redemption due to MREL Disqualification Event*).

In respect of Tier 2 Subordinated Notes, the regulatory conditions include the requirement under 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** and, together with the Capital Requirements Directive, the **CRD**) that, if such Notes are to be redeemed during the first five years after the issuance of the relevant Series of such Notes, the Issuer must demonstrate to the satisfaction of the Competent Authority that the event triggering such redemption was not reasonably foreseeable at the time of the issue of the Notes and, in the case of an early redemption relating to the tax treatment of the Notes, that the change in tax treatment is material and, in the case of an early redemption relating to a Capital Disqualification Event, that such change is sufficiently certain. These foreseeability and materiality conditions to redemption contained in CRD only apply to a redemption of Tier 2 Subordinated Notes occurring in the first five years after the issue date of the relevant Series of such Notes and, therefore, an issuer of regulatory capital securities, such as the Tier 2 Subordinated Notes, could opt to redeem such Notes for tax or regulatory reasons after such fifth anniversary, including based upon an event that occurred within the first five years of issue.

There can therefore be no assurances that Tier 2 Subordinated Notes will not be called for tax or regulatory reasons prior to any specified optional call date.

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.

Under certain circumstances, the Issuer's ability to redeem or repurchase the Notes may be limited.

The CRD or BRRD, as applicable, prescribes certain conditions for the granting of permission by the Competent Authority to a request by the Issuer to redeem or repurchase the Notes prior to their stated maturity date. Those conditions include the following: (i) before such redemption the Notes shall be replaced with own funds or eligible liabilities of equal or higher quality; (ii) the Issuer shall demonstrate to the satisfaction of the Competent Authority that following such redemption own funds or eligible liabilities of the Issuer exceed the requirements specified in the CRD and/or BRRD by at least the margin the Competent Authority considers necessary; or (iii) the Issuer shall demonstrate to the satisfaction of the Competent Authority that the partial or full replacement of the Notes constituting the eligible liabilities with instruments classified as own funds is necessary to ensure compliance with capital requirements applicable to the Issuer. The Issuer may redeem or repurchase the Notes prior to their stated maturity date only if such redemption or repurchase is in accordance with the Applicable Banking Regulations and it has been granted the approval of or permission from the Competent Authority and any other requirements of the Applicable Banking Regulations applicable to such redemptions or repurchases at the time have been complied with by the Issuer. The rules under CRD and/or BRRD may be modified from time to time after the Issue Date of the Notes.

Some Notes may be subordinated to most of the Issuer's liabilities.

If Notes are subordinated or senior non-preferred obligations of the Issuer, and the Issuer is declared insolvent and/or a winding up is initiated, claims in respect of such Notes will rank as described in the Conditions and the Issuer will be required to pay certain of its other creditors in full before it can make any payments on such Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under its subordinated or senior non-preferred Notes. Investors in such Notes could therefore lose some or all of their investment should the Issuer become insolvent or should the Notes become subject to the exercise of bail in and loss-absorption powers by the Relevant Resolution Authority.

The terms of Notes (other than Ordinary Senior Notes that are not Senior MREL Notes) contain a no set-off clause.

The Terms and Conditions of the Notes other than Ordinary Senior Notes that are not Senior MREL Notes provide that there is no deduction, set-off, netting, compensation 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.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The conditions of the Notes contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents.

These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The conditions of the Notes are based on English 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 English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of 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 in excess of the minimum Specified Denomination 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 their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

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 for the Notes does develop, it may not be very liquid and may be sensitive to changes in financial markets. 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, are being issued to a single investor or a limited number of investors 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. In addition, should the Issuer be in financial distress, this is likely to have a further significant impact on the secondary market for the Notes and investors may have to sell their Notes at a substantial discount to their principal amount.

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 the 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 if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

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

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to

(a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published by the Issuer shall be incorporated in, and form part of, this Base Prospectus:

- (a) the English translation of the 2023 Consolidated Financial Statements published on the Issuer's website https://www.pkobp.pl/media_files/271adec7-92c0-458e-afab-63ce0794b895.pdf, including in particular:

Consolidated income statement	Page 8
Consolidated statement of comprehensive income	Page 9
Consolidated statement of financial position	Page 10
Consolidated statement of changes in equity	Pages 11-12
Consolidated statement of cash flows	Pages 13-14
Notes to the consolidated financial statements	Pages 15-271

- (b) the English translation of the independent auditors' report on the 2023 Consolidated Financial Statements published on the Issuer's website https://www.pkobp.pl/media_files/c3794b46-7ad8-4ef3-8f96-aaebda6d6038.xhtml;

- (c) the English translation of the 2022 Consolidated Financial Statements, published on the Issuer's website https://www.pkobp.pl/media_files/54dad1d0-c78f-45fc-9517-8f43006fb1fd.pdf and, including in particular:

Consolidated income statement	Page 6
Consolidated statement of comprehensive income	Page 7
Consolidated statement of financial position	Page 8
Consolidated statement of changes in equity	Pages 9-10
Consolidated statement of cash flows	Pages 11-12
Notes to the consolidated financial statements	Pages 13-245

- (d) the English translation of the independent auditors' report on the 2022 Consolidated Financial Statements published on the Issuer's website https://www.pkobp.pl/media_files/4329569a-f12d-4846-9a74-01c6d2a40577.xhtml; and

- (e) The "Terms and Conditions of the Notes" set out on pages 56-118 of the Issuer's base prospectus dated 20 December 2022 relating to the Programme published on the Issuer's website https://www.pkobp.pl/media_files/99d77f8f-121b-4ef7-b08e-4c82ff48c85e.pdf.

The documents indicated above that are incorporated by reference in this Base Prospectus are, where indicated, direct translations into English from the original languages of the documents. To the extent that there are any inconsistencies between the original language versions and the translations, the original language versions shall prevail.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus. In particular, the independent registered auditor's reports on 2023 Consolidated Financial Statements and 2022 Consolidated Financial

Statements contain references to "Other Information" (including the Management Board Report). Such "Other Information" does not form a part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein (which, for the avoidance of doubt, means any parts not listed in the cross-reference list above) are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material 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.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Notes will be issued outside the United States in reliance on the exemption from registration provided by Regulation S.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, each a **Bearer Global Note**) which, in either case, will:

- (a) if the Bearer Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (b) if the Bearer Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Bearer Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Bearer Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein for interests in a Permanent Bearer Global Note of the same Series against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender

(as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 11 (*Events of Default*)) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Issuing and Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Issuing and Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Issuing and Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"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."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note**).

Registered Global Notes will be deposited with a common depositary or, if the Registered Global Notes are to be held under the new safe-keeping structure (the **NSS**), a common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depositary of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Where the Registered Global Notes issued in respect of any Tranche is intended to be held under the NSS, the applicable Final Terms will indicate whether or not such Registered Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that

the Registered Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for a Registered Global Note held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7.4 (*Payments in respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7.4 (*Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 16 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Issuing and Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 15 March 2024 and executed by the Issuer.

APPLICABLE FINAL TERMS

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**); or (ii) a customer within the meaning of Directive 2016/97/EU, (as amended, the **Insurance Distribution Directive**), 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 Prospectus Regulation. 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.

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 the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (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 the domestic law of the UK 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 the domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of the domestic law of the United Kingdom 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.

[Singapore Securities and Futures Act Product Classification: In connection with Sections 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Notes as ["prescribed capital markets products"] (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products))/[]]

[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES 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 (as amended, **MiFID II**)/MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. 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 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 ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in

the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the [European Union (Withdrawal) Act 2018/EUWA] (**UK MiFIR**); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. 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.].]

FINAL TERMS

Powszechna Kasa Oszczędności Bank Polski S.A.

Legal entity identifier (LEI): P4GTT6GF1W40CVIMFR43

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the 4,000,000,000 Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 15 March 2024 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus has been published on the Issuer's website <https://www.pkobp.pl/investor-relations/issuance-and-ratings/>

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

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated 20 December 2022 which are incorporated by reference in the Base Prospectus dated 15 March 2024. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 15 March 2024 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus has been published on the Issuer's website [Issuer's website https://www.pkobp.pl/investor-relations/issuance-and-ratings/](https://www.pkobp.pl/investor-relations/issuance-and-ratings/)

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is specified for individual paragraphs or subparagraphs, save in respect of the items in Part B, which may be deleted in accordance with the relevant footnotes. Italics denote guidance for completing the Final Terms.]

[Date]

1. (a) Series Number: []
- (b) Tranche Number: []

- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [] below, which is expected to occur on or about [*date*]][Not Applicable]
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
- (a) Series: []
- (b) Tranche: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5. (a) Specified Denominations: []
- (N.B. Notes must have a minimum denomination of €100,000 (or equivalent)).*
- (Note – where Bearer multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (b) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (a) Issue Date: []
- (b) Interest Commencement Date: [[]/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

7. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month]]*
- (Tier 2 Subordinated Notes will have a maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.)*
8. Interest Basis: per cent. Fixed Rate]
- month [EURIBOR/WIBOR/Compounded Daily SONIA/Compounded Daily SOFR/Weighted Average SOFR]
+/- per cent. Floating Rate]
[Zero Coupon]
(see paragraph [13]/[14]/[15] below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on the Maturity Date
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) *[date]* paragraph [13]/[14] applies and for the period from (and including) *[date]* to (but excluding) the Maturity Date, paragraph [13]/[14] applies][Not Applicable]
11. Put/Call Options:
- Issuer Call pursuant to Condition 8.6 (*Redemption at the option of the Issuer (Issuer Call)*) is [Applicable/Not Applicable] [See paragraph 16 below]
- Investor Put pursuant to Condition 8.7 (*Redemption at the option of the Noteholders (Investor Put)*) is [Applicable/Not Applicable] [See paragraph 17 below]
- [(further particulars specified below)]
12. Status of the Notes:
- (a) Senior: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- Status: [Ordinary Senior Notes/Senior Non-Preferred Notes]

- Senior MREL Notes: [Applicable/Not Applicable]
 - Events of Default: [Condition 11.1 (*Events of Default relating to Ordinary Senior Notes that are not Senior MREL Notes*) applies] / [Condition 11.3 (*Events of Default relating to Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes and Tier 2 Subordinated Notes*) applies]
- (b) Subordinated: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- Status: [Senior Subordinated Notes/Tier 2 Subordinated Notes]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [[] per cent. per annum payable in arrear on each Interest Payment Date]
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]
- (c) Fixed Coupon Amount(s) (and in relation to Notes in global form or registered definitive form, see Conditions): [] per Calculation Amount
- (d) Broken Amount(s) (and in relation to Notes in global form or registered definitive form, see Conditions): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year] [Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short, first or last, coupon)*
14. Floating Rate Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Specified Period(s)/Specified Interest Payment Dates: [][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]

("Specified Period" and "Specified Interest Payment Dates" are alternatives. A "Specified Period", rather than "Specified Interest Payment Dates", will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable")

- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]

- (c) Additional Business Centre(s): []/[Not Applicable]

- (d) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Principal Paying Agent): [] (the **Calculation Agent**)/[Not Applicable]

- (e) Screen Rate Determination:

- Reference Rate: [] month [EURIBOR]/[WIBOR]/[Compounded Daily SONIA]/[Compounded Daily SOFR]/[Weighted Average SOFR]
- Term Rate [Applicable/Not Applicable]
- Overnight Rate [Applicable/Not Applicable]
- Index Determination: [Applicable/Not Applicable]
 - Relevant Number: [[5/[]] [[London Banking Days]/[U.S. Government Securities Business Days]/[Not Applicable]

(If "Index Determination" is "Not Applicable", delete "Relevant Number" and complete the remaining bullets below)

(If "Index Determination" is "Applicable", insert number of days (expected to be five or greater if Compounded Daily SONIA or two or greater if Compounded Daily SOFR) as the Relevant

Number, and the remaining bullets below will each be "Not Applicable")

- D [360/365/[]] / [Not Applicable]
 - Observation Method [Lag/Lock-out/Observation Shift/Not Applicable]
 - Lag Period: [5 / [] [London Banking Days] [U.S. Government Securities Business Days] [Not Applicable]
 - Observation Shift Period: [5 / [] [London Banking Days] [U.S. Government Securities Business Days] [Not Applicable]
- (NB: A minimum of 5 London Banking Days if Compounded Daily SONIA or 2 U.S. Government Securities Business Days if Compounded Daily SOFR, should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)*
- Interest Determination Date(s): [] [T2/[]] Business Days [in []] prior to the [] day in each Interest Period/each Interest Payment Date][The [first/[]] [London Banking Day]/[T2 Business Day] / [U.S. Government Securities Business Day] falling after the last day of the relevant Observation Period][The [first/[]] Banking Day falling after the last day of the relevant Observation Period (where [**City**] **Banking Day** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in [**City**))][]
 - Relevant Screen Page: []

(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (f) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (g) Margin(s): [+/-] [] per cent. per annum
- (h) Minimum Rate of Interest: [] per cent. per annum
- (i) Maximum Rate of Interest: [] per cent. per annum

- (j) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]
 Actual/365 (Fixed)
 Actual/365 (Sterling)
 Actual/360
 [30/360] [360/360] [Bond Basis]
 [30E/360] [Eurobond Basis]
 30E/360 (ISDA)

15. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (a) Accrual Yield: [] per cent. per annum
 (b) Reference Price: []
 (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
 [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (a) Optional Redemption Date(s): [] [Any day falling in the period commencing on (and including) [] and ending on ((and including/but excluding)) []
 (b) Optional Redemption Amount: [] per Calculation Amount
 (c) If redeemable in part:
 (i) Minimum Redemption Amount []
 (ii) Maximum Redemption Amount []
 (d) Notice period: []

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of

distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Principal Paying Agent)

17. Investor Put:

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s) or Put Period(s): []

(b) Optional Redemption Amount: [] per Calculation Amount

(c) Notice period: []

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Principal Paying Agent)

18. MREL Disqualification Event

[Applicable/Not Applicable]

19. Final Redemption Amount:

[] per Calculation Amount

20. Early Redemption Amount payable on redemption for tax reasons, Capital Disqualification Event, MREL Disqualification Event or on Event of Default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:

(a) Form: [Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

[Registered Notes:

[Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]

(b) New Global Note: [Yes][No]

22. Additional Financial Centre(s): [Not Applicable/[]]

(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purpose of calculating the amount of interest to which sub-paragraph 15(c) relates)

23. Talons for future Coupons to be attached to Definitive Notes: [Yes, 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 still to be made]/[No.]

24. Substitution and Variation: [Applicable]/[Not Applicable]

SIGNED on behalf of **Powszechna Kasa Oszczędności Bank Polski S.A.:**

By:

Duly authorised

By:

Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on the [Official List of the Luxembourg Stock Exchange]/[Warsaw Stock Exchange] and admitted to trading on the regulated market of the [Luxembourg Stock Exchange]/[Warsaw Stock Exchange] with effect from [].]/[Not applicable.]

2. RATINGS

[The Notes to be issued [have been]/[are expected to be] rated [] by [*insert the legal name of the relevant credit rating agency entity(ies)*]]

[Not Applicable]

[Each of][*defined terms*] is established in the [EEA] and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)]

[Each of][*defined terms*] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 (as amended) as it forms part of UK domestic law by virtue of [the European Union (Withdrawal) Act 2018]/[the EUWA] (the **UK CRA Regulation**)]

[*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue 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./ []./Not Applicable.]

4. REASONS FOR THE OFFER AND TOTAL EXPENSES

- (i) Reasons for the offer: The net proceeds from the issue of Notes will be applied by the Issuer for [*specify use of proceeds*].
- (ii) Estimated net proceeds: []
- (iii) Estimate of total expenses related to admission to trading: []

5. YIELD (Fixed Rate Notes only)

Indication of yield: []/[Not Applicable].

6. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []

- (iii) CFI: [], 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/other].
- (iv) FISN: [], 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/other].
- (If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable").*
- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s), address(es) and number(s)]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): []
- (viii) 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 which are to be held under the NSS] 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.]

(ix) Trade Date []

7. DISTRIBUTION

(i) Method of distribution: [Syndicated/Non-syndicated]

(ii) If syndicated: [Not Applicable/give names]

(iii) Stabilisation Manager(s) (if any): [Not Applicable/[]]

(iv) If non-syndicated, name of relevant Dealer: [Not Applicable/[]]

(v) U.S. Selling Restrictions: [Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]]

(vi) 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 in the EEA, "Applicable" should be specified.)

(vii) 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 in the UK, "Applicable" should be specified.)

(viii) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)]

8. THIRD PARTY INFORMATION

[Relevant third party information] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Powszechna Kasa Oszczędności Bank Polski S.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 15 March 2024 and made between the Issuer, The Bank of New York Mellon, London Branch as issuing and principal paying agent and agent bank (the **Issuing and Principal Paying Agent**, which expression shall include any successor issuing and principal paying agent) and (unless otherwise specified in the applicable Final Terms) as calculation agent (the **Calculation Agent**), and the other paying agents named therein (together with the Issuing and Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the **Registrar**, which expression shall include any successor registrar) and as a transfer agent (together with the other transfer agents named therein, the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Issuing and Principal Paying Agent, the Calculation Agent, the Registrar, the Paying Agents and the Transfer Agents are together referred to as the **Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 15 March 2024 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant (i) are available for inspection upon request during normal business hours at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder following their prior written request to any Paying Agents and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.luxse.com). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may also be an Ordinary Senior Note, a Senior Non-Preferred Note, a Senior Subordinated Note or a Tier 2 Subordinated Note, as indicated in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in paragraph 2.3 (*Registration of transfer upon partial redemption*), upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders

must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 7 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 8 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS OF THE NOTES

The applicable Final Terms will indicate whether the Notes are Ordinary Senior Notes (the **Ordinary Senior Notes**), Senior Non-Preferred Notes (the **Senior Non-Preferred Notes**), Senior Subordinated Notes (the **Senior Subordinated Notes**) or Tier 2 Subordinated Notes (the **Tier 2 Subordinated Notes**).

3.1 Status of the Ordinary Senior Notes

This Condition 3.1 is applicable in relation to Notes specified in the applicable Final Terms as being Ordinary Senior Notes (including Senior MREL Notes), and references to "Notes" in this Condition 3.1 shall be construed accordingly. In such case, the Notes constitute direct, unconditional, unsubordinated and (subject to Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provisions of law, upon the insolvency of the Issuer as set out in the Polish Act dated 28 February 2003 Insolvency Law, as may be amended from time to time (**Insolvency Law**), the rights of the holders of the Notes to payments on or in respect of the Notes shall rank:

- (a) in respect of principal:

- (i) junior to: (A) any liabilities of the Issuer falling into categories 1, 2 and 3a) to 3c) (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (B) any present and future obligations of the Issuer which are senior to principal of the Ordinary Senior Notes in accordance with the Insolvency Law;
 - (ii) *pari passu* among themselves and with any other Senior Higher Priority Liabilities; and
 - (iii) senior to: (A) accrued but unpaid interest on Senior Higher Priority Liabilities (including the Notes) as of the commencement of any insolvency procedure; (B) any liabilities of the Issuer falling into categories 4 to 10 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law (including but not limited to Senior Non-Preferred Liabilities); and (C) any other present and future obligations of the Issuer which rank junior to principal of the Ordinary Senior Notes in accordance with the Insolvency Law;
- (b) in respect of interest:
- (i) junior to: (A) obligations in respect of principal on Senior Higher Priority Liabilities (including the Notes); and (B) any liabilities of the Issuer falling into categories 1 to 3 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (C) any present and future obligations of the Issuer which rank senior to interest of the Ordinary Senior Notes in accordance with the Insolvency Law;
 - (ii) *pari passu* among themselves and with any other interest on Senior Higher Priority Liabilities; and
 - (iii) senior to: (A) any liabilities of the Issuer falling into categories 4b) to 10 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law (including but not limited to Senior Non-Preferred Liabilities); and (B) any other present and future obligations of the Issuer which rank junior to interest of the Ordinary Senior Notes in accordance with the Insolvency Law.

3.2 Status of the Senior Non-Preferred Notes

This Condition 3.2 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Non-Preferred Notes and references to "Notes" in this Condition 3.2 shall be construed accordingly. In such case, the Notes constitute direct, unconditional and unsecured obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provision of law, the rights of the holders of the Notes to payments on or in respect of the Notes shall rank:

- (a) junior to: (A) any liabilities of the Issuer falling into categories 1 to 5 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and (B) any other present and future obligations of the Issuer which rank senior to the Senior Non-Preferred Notes in accordance with the Insolvency Law;
- (b) *pari passu* among themselves and with any other Senior Non-Preferred Liabilities; and
- (c) senior to: (A) any liabilities of the Issuer falling into categories 7 to 10 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law; and

(B) any other present and future obligations of the Issuer which rank junior to Senior Non-Preferred Liabilities in accordance with the Insolvency Law.

3.3 Status of the Subordinated Notes

This Condition 3.3 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Subordinated Notes or Tier 2 Subordinated Notes and references to "Notes" in this Condition 3.3 shall be construed accordingly. In such case, the Notes constitute direct, unconditional, unsecured and subordinated 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 Insolvency Law, the rights of the holders of the Notes to payments on or in respect of the Notes shall rank:

- (a) for so long as the obligations of the Issuer in respect of the relevant Senior Subordinated Notes constitute Senior Subordinated Liabilities of the Issuer:
 - (i) junior to (i) liabilities of the Issuer falling into categories 1 to 6 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law (including any Senior Higher Priority Liabilities and Senior Non-Preferred Liabilities), and (ii) any other obligations which by law rank senior to the Issuer's obligations under the relevant Senior Subordinated Notes;
 - (ii) *pari passu* among themselves and with (i) all other claims in respect of Senior Subordinated Liabilities, and (ii) any other subordinated obligations which by law, rank *pari passu* with the Issuer's obligations under the relevant Senior Subordinated Notes; and
 - (iii) senior to (i) any liabilities of the Issuer falling into categories 8 to 10 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law, and (ii) any other obligations of the Issuer which, by law, rank junior to the obligations of the Issuer under the relevant Senior Subordinated Notes; and
- (b) for so long as the obligations of the Issuer constitute Tier 2 Subordinated Notes of the Issuer:
 - (i) junior to (i) any liabilities of the Issuer falling into categories 1 to 7 (inclusive) of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law and (ii) any other obligations which, by law, rank senior to the Issuer's obligations under the Tier 2 Subordinated Notes;
 - (ii) *pari passu* among themselves and with any other subordinated obligations which, by law and/or by their terms, to the extent permitted by Polish law, rank *pari passu* with the Issuer's obligations under the Tier 2 Subordinated Notes; and
 - (iii) senior to (i) any liabilities of the Issuer falling into categories 9 and 10 of the Issuer's liabilities in accordance with art. 440 section 2 of the Insolvency Law and (ii) any other subordinated obligations of the Issuer which by law rank junior to the obligations of the Issuer under the Tier 2 Subordinated Notes.

3.4 MREL

- (a) To the extent allowed by the Applicable Banking Regulations, Ordinary Senior Notes specified in the applicable Final Terms as being Senior MREL Notes (the **Senior MREL Notes**), Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2

Subordinated Notes may be issued by the Issuer to satisfy the minimum requirements for own funds and eligible liabilities (the **MREL**).

- (b) The rights of holders of the Ordinary 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 Relevant Resolution Authority may write-down or convert any MREL Notes ahead of Notes which do not constitute MREL Notes.

3.5 Definitions

In these Conditions:

Applicable Banking Regulations means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy, solvency or resolution then applicable to the Issuer and/or the Group including, without limitation to the generality of the foregoing, the CRD, the CRR Regulation, BRRD, the Creditor Hierarchy Directive, the BGF Act, the Insolvency Law and those laws, regulations, requirements, guidelines and policies relating to capital adequacy, solvency and/or resolution adopted by the BGF or other Competent Authority from time to time and 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);

BGF means Bankowy Fundusz Gwarancyjny;

BGF Act means a Polish Act of 10 June 2016 on bank guarantee fund, the deposit guarantee scheme and resolution (as amended from time to time);

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, supplemented or replaced from time to time, including as amended by Directive 2019/879/EU of the European Parliament and of the European Council of 20 May 2019 and including any other relevant implementing regulatory provisions;

Competent Authority means the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) or any successor or replacement thereto having primary responsibility for the prudential oversight and supervision of the Issuer and/or the Relevant Resolution Authority (if applicable), in any case as determined by the Issuer;

CRD means any of, or any combination of, the CRD Directive, the CRR Regulation, and any CRD Implementing Measures;

CRD 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 the same may be amended or replaced from time to time, including, without limitation, as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019;

CRD Implementing Measures means any rules implementing the CRD Directive or the CRR Regulation which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission,

national laws and regulations, and regulations and guidelines issued by the Competent Authority or any other relevant authority, which are applicable to the Issuer (on a stand-alone basis) or the Group (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital or the minimum requirement for own funds and eligible liabilities, as the case may be, of the Issuer (on a stand-alone basis) or the Group (on a consolidated basis);

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 Regulation means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time;

Group means the Issuer and its consolidated subsidiaries;

MREL Notes means the Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes which constitute the Issuer's own funds and eligible liabilities under the BGF Act;

Relevant Resolution Authority means the BGF or any successor to or replacement for the BGF and/or any other authority with the ability to exercise any Bail-in and Loss Absorption Powers (as defined in Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*)) in relation to the Issuer and/or the Group;

Senior Higher Priority Liabilities means any obligations in respect of principal of the Issuer under any Ordinary Senior Notes, any other unsecured and unsubordinated obligations of the Issuer referred to in Article 440.2.3d) of the Insolvency Law and any other unsecured and unsubordinated obligations of the Issuer having the same ranking in respect of principal as the obligations of the Issuer under the Ordinary Senior Notes;

Senior MREL Notes means the Ordinary Senior Notes which are, as at the relevant Issue Date, intended to constitute the Issuer's own funds and eligible liabilities under the BGF Act, as specified in the applicable Final Terms;

Senior Non-Preferred Liabilities means any subordinated and unsecured senior non-preferred obligations of the Issuer referred to in Article 440.2.6 of the Insolvency Law (including any Senior Non-Preferred Notes) and any other obligations which, by law, rank *pari passu* with Senior Non-Preferred Liabilities;

Senior Subordinated Liabilities means any subordinated obligation of the Issuer, referred to in Article 440.2.7 of the Insolvency Law and any other obligations which, by law, rank *pari passu* with Senior Subordinated Liabilities; and

Tier 2 Subordinated Notes means any subordinated obligations of the Issuer referred to in Article 440.2.8 of the Insolvency Law and any other obligations which, by law, rank *pari passu* with the Tier 2 Subordinated Notes.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

This Condition 4 is applicable only in relation to Ordinary Senior Notes. So long as any Ordinary Senior Note remains outstanding, 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 External 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 (as defined in the Agency Agreement).

4.2 Definitions

In these Conditions:

Permitted Security Interest means:

- (i) 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; or
- (ii) a 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.

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;

Relevant External Indebtedness means any Relevant Indebtedness which is payable in or by reference to a currency which is not the lawful currency for the time being of Poland;

Relevant Indebtedness means: (A) any obligation with a maturity greater than one year for the payment of borrowed money which is in the form of, represented or evidenced by a note, bond, debenture or other security or a similar instrument, which is, or is capable of, being quoted, listed, dealt in or traded on a stock exchange or other recognised securities market; or (B) any present or future guarantee or indemnity in respect of any of the foregoing; and

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security agreement or arrangement.

5. WAIVER OF SET-OFF

In the case of any Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes, no Noteholder may, at any time, exercise or claim any Waived Set-Off Rights against any right, claim or liability of the Issuer or that the Issuer may have or acquire against such holder, directly or indirectly and howsoever arising (and including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any kind or any non-contractual obligation whether or not relating to such Note) and each holder of any such Note 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. If, notwithstanding the preceding sentence, any Noteholder receives or recovers any sum or the benefit of any sum in respect of any Note or related Coupon by virtue of any such set-off or counterclaim, it shall, subject to applicable law, immediately pay an

amount equal to such sum or benefit to the Issuer or, in the event of the winding up of the Issuer, to the liquidator of the Issuer and, until such time as payment is made, shall hold the same on trust for the Issuer (or, as the case may be, the liquidator) and, accordingly, any such discharge of the amount due shall be deemed not to have taken place.

For the avoidance of doubt, nothing in this Condition 5 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 Noteholder of any Note but for this Condition.

For the purposes of this Condition 5, **Waived Set-Off Rights** means any and all rights or claims of any holder of a Note against the Issuer for deduction, set-off, netting, compensation or counterclaim arising directly or indirectly under or in connection with any Note.

6. INTEREST

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Registered Notes; or
- (b) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the Calculation Amount in the case of Fixed Rate Notes which are Bearer Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 6.1:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

6.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 6.2 (*Interest – Interest on Floating Rate Notes – Interest Payment Dates – (ii)*) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign

currency deposits) in each Additional Business Centre (other than T2) specified in the applicable Final Terms;

- (b) if T2 is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system (**T2**) is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which T2 is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

- (i) Screen Rate Determination for Floating Rate Notes - Term Rate

This Condition 6.2(b)(i) applies where "Term Rate" is specified in the applicable Final Terms to be "Applicable", and the Reference Rate is specified as being other than Compounded Daily SONIA, Compounded Daily SOFR or Weighted Average SOFR, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either EURIBOR or WIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time, in the case of EURIBOR or Warsaw time on the case of WIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

Fallback

If the Relevant Screen Page is not available or if, in the case of subclause 6.2(b)(i)(A), no offered quotation appears or, in the case of subclause 6.2(b)(i)(B), fewer than three offered quotations appear, in each case as at the Specified Time, the Issuer shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations upon

the Issuer's request, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation upon the Issuer's request as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to the Calculation Agent upon the Issuer's request, by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Warsaw inter-bank market (if the Reference Rate is WIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates upon the Issuer's request, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Warsaw inter-bank market (if the Reference Rate is WIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be 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).

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

- (ii) Screen Rate Determination for Floating Rate Notes – Overnight Rate - Compounded Daily SONIA - Non-Index Determination

This Condition 6.2(b)(ii) applies where the applicable Final Terms specifies: (1) "*Overnight Rate*" to be "Applicable"; (2) "*Compounded Daily SONIA*" as the Reference Rate; and (3) "*Index Determination*" to be "Not Applicable".

- (A) The Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(c) and as provided below, be Compounded Daily SONIA with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

Compounded Daily SONIA means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with

the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

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

where:

- d*** is the number of calendar days in:
- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
 - (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;
- D** is the number specified as such in the applicable Final Terms (or, if no such number is specified, 365);
- d_o*** means:
- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days in the relevant Interest Accrual Period; or
 - (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days in the relevant Observation Period;
- i*** is 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:
- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
 - (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

London Banking Day 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*", means the number of calendar days from (and including) such London Banking Day "*i*" up to (but excluding) the following London Banking Day;

Observation Period means the period from (and including) the date falling "*p*" London Banking Days prior to the first day of the relevant Interest Accrual

Period to (but excluding) the date falling "*p*" London Banking Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) (in the case of any other Interest Accrual Period) the date on which the relevant payment of interest falls due;

p means:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days specified as the "Lag Period" in the applicable Final Terms (or, if no such number is so specified, five London Banking Days); or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days specified as the "Observation Shift Period" in the applicable Final Terms (or, if no such number is specified, five London Banking Days);

the **SONIA reference rate**, in respect of any London Banking Day (**LBD_x**), is a reference rate equal to the daily Sterling Overnight Index Average (**SONIA**) rate for such **LBD_x** 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 published by such authorised distributors) on the London Banking Day immediately following **LBD_x**; and

SONIA_i means the SONIA reference rate for:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the London Banking Day falling "*p*" London Banking Days prior to the relevant London Banking Day "*i*"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant London Banking Day "*i*".

(B) Subject to Condition 6.2(c), where any Rate of Interest is to be calculated pursuant to Condition 6.2(b)(ii)(A) above, in respect of any London Banking Day on which an applicable SONIA reference rate is required to be determined, such SONIA reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the SONIA reference rate in respect of such London Banking Day shall be the rate determined by the Calculation Agent as:

- (1) the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on such London Banking Day; and (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of 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); or

- (2) if the Bank Rate under (1)(i) above is not available at the relevant time, either (A) 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 in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (B) if this is more recent, the latest rate determined under (1) above,

and, in each case, references to "SONIA reference rate" in Condition 6.2(b)(ii)(A) above shall be construed accordingly.

- (C) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 6.2(b)(ii), and without prejudice to Condition 6.2(c), the Rate of Interest shall be:
 - (1) that determined as at the last preceding Interest Determination Date on which the Rate of Interest was so determined (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Accrual Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Accrual Period); or
 - (2) 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 scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case as determined by the Calculation Agent.

- (iii) Screen Rate Determination for Floating Rate Notes – Overnight Rate – Compounded Daily SONIA – Index Determination

This Condition 6.2(b)(iii) applies where the applicable Final Terms specifies: (1) "*Overnight Rate*" to be "Applicable"; (2) "*Compounded Daily SONIA*" as the Reference Rate; and (3) "*Index Determination*" to be "Applicable".

- (A) The Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(c) and as provided below, be the Compounded Daily SONIA Rate with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

Compounded Daily SONIA Rate means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent by reference to the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA reference rate that is published or displayed on the Relevant Screen Page

specified in the applicable Final Terms or, if no such page is so specified or if such page is unavailable at the relevant time, as otherwise published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date (the **SONIA Compounded Index**) and in accordance with the following formula:

$$\text{Compounded Daily SONIA Rate} = \left(\frac{\text{SONIA Compounded Index}_{\text{End}}}{\text{SONIA Compounded Index}_{\text{Start}}} \right)^{\frac{1}{d}} \times \frac{365}{d}$$

where:

d is the number of calendar days from (and including) the day in relation to which SONIA Compounded Index_{Start} is determined to (but excluding) the day in relation to which SONIA Compounded Index_{End} is determined;

London Banking Day means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

Relevant Number is the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

SONIA Compounded Index_{Start} means, with respect to an Interest Accrual Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of such Interest Accrual Period; and

SONIA Compounded Index_{End} means, with respect to an Interest Accrual Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to (A) the Interest Payment Date for such Interest Accrual Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Accrual Period).

- (B) If the relevant SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Compounded Daily SONIA Rate for the applicable Interest Accrual Period for which the SONIA Compounded Index is not available shall be "Compounded Daily SONIA" determined in accordance with Condition 6.2(b)(ii) above as if "*Index Determination*" were specified in the applicable Final Terms as being "Not Applicable", and for these purposes: (i) the "*Observation Method*" shall be deemed to be "*Observation Shift*" and (ii) the "*Observation Shift Period*" shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made in the applicable Final Terms.
- (iv) Screen Rate Determination for Floating Rate Notes– Overnight Rate – SOFR – Non-Index Determination

This Condition 6.2(b)(iv) applies where the applicable Final Terms specifies: (1) "Overnight Rate" to be 'Applicable'; (2) either "Compounded Daily SOFR" or "Weighted Average SOFR" as the Reference Rate; and (3) "Index Determination" to be 'Not Applicable'.

Where the applicable Final Terms specifies the Reference Rate to be "Compounded Daily SOFR", the provisions of paragraph (A) below of this Condition 6.2(b)(iv) apply.

Where the applicable Final Terms specifies the Reference Rate to be "Weighted Average SOFR", the provisions of paragraph (B) below of this Condition 6.2(b)(iv) apply.

(A) Compounded Daily SOFR

Where this paragraph (A) applies, the Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(c) and as provided below, be Compounded Daily SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

Compounded Daily SOFR means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily U.S. dollars secured overnight financing rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

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

where:

d is the number of calendar days in:

- (i) where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

D is the number specified as such in the applicable Final Terms (or, if no such number is specified, 360);

d_o means:

- (i) where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, 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:

- (i) where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

Lock-out Period means the period from (and including) the day following the Interest Determination Date to (but excluding) the corresponding Interest Payment Date;

New York Fed's Website means the website of the Federal Reserve Bank of New York (or a successor administrator of SOFR) or any successor source;

n_i for any U.S. Government Securities Business Day "*i*", means the number of calendar days from (and including) such U.S. Government Securities Business Day "*i*" up to (but excluding) the following U.S. Government Securities Business Day;

Observation Period means the period from (and including) the date falling "*p*" U.S. Government Securities Business Days prior to the first day of the relevant Interest Accrual Period to (but excluding) the date falling "*p*" U.S. Government Securities Business Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) (in the case of any other Interest Accrual Period) the date on which the relevant payment of interest falls due;

p means:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days specified as the "Lag Period" in the applicable Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days);
- (ii) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, zero U.S. Government Securities Business Days; or
- (iii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days specified as the "Observation Shift Period" in the applicable Final Terms (or, if no such number is specified, five U.S. Government Securities Business Days);

Reference Day means each U.S. Government Securities Business Day in the relevant Interest Accrual Period, other than any U.S. Government Securities Business Day in the Lock-out Period;

SOFR in respect of any U.S. Government Securities Business Day (**USBD_x**), is a reference rate equal to the daily secured overnight financing rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate

(or any successor administrator of such rate) on the New York Fed's Website, in each case at or around 3.00 p.m. (New York City time) on the U.S. Government Securities Business Day immediately following such USBD_x;

SOFR_i means the SOFR for:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i";
- (ii) where "Lock-out" is specified as the Observation Method in the applicable Final Terms:
 - (I) in respect of each U.S. Government Securities Business Day "i" that is a Reference Day, the SOFR in respect of the U.S. Government Securities Business Day immediately preceding such Reference Day; or
 - (II) in respect of each U.S. Government Securities Business Day "i" that is not a Reference Day (being a U.S. Government Securities Business Day in the Lock-out Period), the SOFR in respect of the U.S. Government Securities Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date); or
- (iii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant U.S. Government Securities Business Day "i"; and

U.S. Government Securities Business Day means any day except for a Saturday, 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.

(B) **Weighted Average SOFR**

Where this paragraph (B) applies, the Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(c) and as provided below, be the Weighted Average SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as calculated by the Calculation Agent as of the Interest Determination Date (and rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards), where:

Weighted Average SOFR means:

- (i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the SOFR in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant SOFR by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes, the SOFR in effect for any calendar day which is not a U.S. Government Securities Business Day shall

be deemed to be the SOFR in effect for the U.S. Government Securities Business Day immediately preceding such calendar day; and

- (ii) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the SOFR in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying each relevant SOFR by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period, *provided* however that for any calendar day of such Interest Accrual Period falling in the Lock-out Period, the relevant SOFR for each day during that Lock-out Period will be deemed to be the SOFR in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes, the SOFR in effect for any calendar day which is not a U.S. Government Securities Business Day shall, subject to the proviso above, be deemed to be the SOFR in effect for the U.S. Government Securities Business Day immediately preceding such calendar day.

Defined terms used in this paragraph (B) and not otherwise defined herein have the meanings given to them in paragraph (A) above of this Condition 6.2(b)(iv).

(C) SOFR Unavailable

Subject to Condition 6.2(c), if, where any Rate of Interest is to be calculated pursuant to this Condition 6.2(b)(iv), in respect of any U.S. Government Securities Business Day in respect of which an applicable SOFR is required to be determined, such SOFR is not available, such SOFR shall be the SOFR for the first preceding U.S. Government Securities Business Day in respect of which the SOFR was published on the New York Fed's Website.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 6.2(b)(iv) but without prejudice to Condition 6.2(c), the Rate of Interest shall be calculated in accordance, *mutatis mutandis*, with the provisions of Condition 6.2(b)(ii)(C).

(v) Screen Rate Determination – Overnight Rate - SOFR - Index Determination

This Condition 6.2(b)(v) applies where the applicable Final Terms specifies: (1) "Overnight Rate" to be 'Applicable'; (2) "Compounded Daily SOFR" as the Reference Rate; and (2) "Index Determination" to be 'Applicable'.

- (A) The Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(c) and as provided below, be the Compounded SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

Compounded SOFR means, with respect to an Interest Accrual Period, the rate (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent in accordance with the following formula:

$$\left(\frac{SOFRIndex_{end}}{SOFRIndex_{start}} - 1 \right) \times \frac{360}{d_c}$$

where:

d_c is the number of calendar days from (and including) the day in relation to which SOFR Index_{Start} is determined to (but excluding) the day in relation to which SOFR Index_{End} is determined;

Relevant Number is the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

SOFR means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator's Website;

SOFR Administrator means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

SOFR Administrator's Website means the website of the SOFR Administrator, or any successor source;

SOFR Index, with respect to any U.S. Government Securities Business Day, means the SOFR index value as published by the SOFR Administrator as such index appears on the SOFR Administrator's Website at or around 3.00 p.m. (New York time) on such U.S. Government Securities Business Day (the **SOFR Determination Time**);

SOFR Index_{Start}, with respect to an Interest Accrual Period, is the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding the first day of such Interest Accrual Period;

SOFR Index_{End}, with respect to an Interest Accrual Period, is the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding (A) the Interest Payment Date for such Interest Accrual Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Accrual Period); and

U.S. Government Securities Business Day means any day except for a Saturday, 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.

- (B) If, as at any relevant SOFR Determination Time, the relevant SOFR Index is not published or displayed on the SOFR Administrator's Website by the SOFR Administrator, the Compounded SOFR for the applicable Interest Accrual Period for which the relevant SOFR Index is not available shall be "Compounded Daily SOFR" determined in accordance with Condition 6.2(b)(iv) above as if "*Index Determination*" were specified in the applicable Final Terms as being 'Not Applicable', and for these purposes: (i) the "*Observation Method*" shall be deemed to be "*Observation Shift*" and (ii) the "*Observation Shift Period*" shall be deemed to be equal to the Relevant Number of U.S. Government Securities Business Days, as if such alternative elections had been made in the applicable Final Terms.

(vi) **Interest Accrual Period**

As used herein, an **Interest Accrual Period** means (i) each Interest Period and (ii) any other period (if any) in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which, if the relevant Series of Notes becomes due and payable in accordance with Condition 11 (*Events of Default*) shall be the date on which such Notes become due and payable).

(c) **Benchmark Discontinuation**

(i) **Benchmark Replacement**

This Condition 6.2(c)(i) applies to Floating Rate Notes other than where the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR or Weighted Average SOFR.

If the Issuer determines that a Benchmark Event occurs in relation to an Original Reference Rate at any time when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply.

(A) **Independent Adviser**

The Issuer shall use reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6.2(c)(i)(B)) and, in either case, the applicable Adjustment Spread (in accordance with Condition 6.2(c)(i)(C)) and any Benchmark Amendments (in accordance with Condition 6.2(c)(i)(D)).

If, notwithstanding the Issuer's reasonable endeavours, the Issuer is unable to appoint and consult with an Independent Adviser in accordance with the foregoing paragraph, the Issuer shall nevertheless be entitled, acting in good faith and in a commercially reasonable manner, to make any and all determinations expressed to be made by the Issuer pursuant to this Condition 6.2(c)(i), notwithstanding that such determinations are not made following consultation with an Independent Adviser. If, however, the Issuer is unable to determine a Successor Rate or an Alternative Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments in accordance with this Condition 6.2(c)(i), the provisions of Condition 6.2(c)(vii) below shall apply.

(B) **Successor Rate or Alternative Rate**

If the Issuer, following consultation with such Independent Adviser (if appointed), determines in good faith that:

- (1) there is a Successor Rate, then such Successor Rate shall (as adjusted by the applicable Adjustment Spread determined as provided in Condition 6.2(c)(i)(C)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 6.2(c)); or

- (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (as adjusted by the applicable Adjustment Spread determined as provided in Condition 6.2(c)(i)(C)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 6.2(c)).

(C) Adjustment Spread

If a Successor Rate or Alternative Rate is determined in accordance with the foregoing provisions, the Issuer, following consultation with the Independent Adviser (if appointed), will determine in good faith the Adjustment Spread to be applied to such Successor Rate or Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 6.2(c) and the Issuer, following consultation with the Independent Adviser (if appointed), determines in good faith (A) that amendments to the Terms and Conditions of the Notes and/or the Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Days or Relevant Screen Page) are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of such Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the Benchmark Amendments) and (B) the terms of the Benchmark Amendments, then (subject to Condition 6.2(c)(vi) below) the Issuer shall, subject to giving notice thereof in accordance with Condition 6.2(c)(iii), without any requirement for the consent or approval of Noteholders or Couponholders, vary the Terms and Conditions of the Notes and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice provided that the Agents shall not be obliged to agree to any modification which, in the sole opinion of the Agents (acting reasonably) would have the effect of (i) exposing the Agents to any liability against which they have not been indemnified and/or secured and/or pre-funded to their satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Agents under the Agency Agreement and/or these Terms and Conditions.

In connection with any such variation in accordance with this Condition 6.2(c), 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.

(E) Definitions

As used in this Condition 6.2(c)(i):

Adjustment Spread means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which is to be applied to the Successor Rate or the Alternative Rate (as the case may be), being the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of an Alternative Rate (or in the case of a Successor Rate where (A) above does not apply), the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith, determines is in customary market usage (or reflects an industry-accepted rate, formula or methodology) in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or
- (iii) if no such recommendation or option has been made (or made available) under (A) above and if the Issuer, following consultation with the Independent Adviser (if appointed) determines there is no such spread, formula or methodology in customary market usage or which is industry-accepted under (B) above, the Issuer, in its discretion, following consultation with the Independent Adviser (if appointed) and acting in good faith and in a commercially reasonable manner, determines to be appropriate having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purposes of this paragraph (C), of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Noteholders;

Alternative Rate means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser (if appointed), determines in accordance with this Condition 6.2(c) has replaced the Original Reference Rate in customary market usage, or is an industry-accepted rate, in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes;

Benchmark Event means, with respect to an Original Reference Rate, any one or more of the following:

- (i) the Original Reference Rate ceasing to exist or to be published or administered on a permanent or indefinite basis;
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or will cease to publish the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be prohibited from being used, is no longer (or will no longer be) representative of its underlying market or that its use will be subject to restrictions or adverse consequences, in each case in circumstances where the same shall be applicable to the Notes; or

- (v) it has or will prior to the next Interest Determination Date become unlawful for the Issuer, the Calculation Agent, or any Paying Agent to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate (including, without limitation, under the Regulation (EU) 2016/1011 as that Regulation applies in the European Union and/or as it applies in the United Kingdom in the form retained as domestic law in the United Kingdom under the European Union (Withdrawal) Act 2018, as amended, if applicable),

provided that in the case of paragraphs (ii) to (iv) above, the Benchmark Event shall occur on:

- (i) in the case of (ii) above, the date of the cessation of the publication of the Original Reference Rate;
- (ii) in the case of (iii) above, the discontinuation of the Original Reference Rate; or
- (iii) in the case of (iv) above, the date on which the Original Reference Rate is prohibited from use, is deemed no longer to be representative or becomes subject to restrictions or adverse consequences (as applicable),

and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (i), (ii) or (iii) above, as applicable);

Independent Adviser means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall be deemed to include any such Successor Rate or Alternative Rate);

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(ii) Benchmark Transition

This Condition 6.2(c)(ii) applies to Floating Rate Notes where the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR or Weighted Average SOFR.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in relation to an Original Reference Rate at any time when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply.

(A) Independent Adviser

The Issuer shall use reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining the Benchmark Replacement which will replace such Original Reference Rate for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates (subject to any subsequent application of this Condition 6.2(c)(ii) with respect to such Benchmark Replacement) and any Benchmark Replacement Conforming Changes.

Any Benchmark Replacement so determined by the Issuer shall have effect for any subsequent determination of any relevant Rate of Interest (subject to any further application of this Condition 6.2(c)(ii) with respect to such Benchmark Replacement), subject, if any associated Benchmark Replacement Conforming Changes are required in connection therewith, to such Benchmark Replacement Conforming Changes becoming effective in accordance with the following provisions.

If, notwithstanding the Issuer's reasonable endeavours, the Issuer is unable to appoint and consult with an Independent Adviser in accordance with the foregoing paragraph, the Issuer shall nevertheless be entitled, acting in good faith and in a commercially reasonable manner, to make any and all determinations expressed to be made by the Issuer pursuant to this Condition 6.2(c)(ii), notwithstanding that such determinations are not made following consultation with an Independent Adviser. If, however, the Issuer is unable to determine a Benchmark Replacement in accordance with this Condition 6.2(c)(ii), the provisions of Condition 6.2(c)(vii) below shall apply.

(B) Benchmark Replacement Conforming Changes

If the Issuer, following consultation with the Independent Adviser (if appointed), considers it is necessary to make Benchmark Replacement Conforming Changes, the Issuer shall, in consultation with the Independent Adviser (if appointed), determine the terms of such Benchmark Replacement Conforming Changes, and (subject to Condition 6.2(c)(vi) below) shall, subject to giving notice in accordance with Condition 6.2(c)(iii) below (but without any requirement for the consent or approval of Noteholders), vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Replacement Conforming Changes with effect from the date specified in such notice provided that the Agents shall not be obliged to agree to any modification which, in the sole opinion of the Agents would have the effect of (i) exposing the Agents to any liability against which they have not been indemnified and/or secured

and/or pre-funded to their satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of Agents in the Agreement and/or the Conditions.

In connection with any such variation in accordance with this Condition 6.2(c)(ii), 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.

(C) Definitions

As used in this Condition 6.2(c)(ii):

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 Original Reference Rate for the applicable Corresponding Tenor 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 Original Reference Rate for the applicable Corresponding Tenor 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 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 any Interest Period, Interest Accrual Period, the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer (in consultation with the Independent Adviser, if appointed) 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 (in consultation with the Independent Adviser, if appointed) determines is reasonably necessary);

Benchmark Replacement Date means the earliest to occur of the following events with respect to the Original Reference Rate (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 Original Reference Rate permanently or indefinitely ceases to provide the Original Reference Rate (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 (where the Rate of Interest is to be determined pursuant to Condition 6.2(b)(i)) the Specified Time or (in any other case) the customary or scheduled time for publication of the relevant reference rate in accordance with the then-prevailing operational procedures of the administrator of such reference rate or, as the case may be, of the other relevant information service publishing such reference rate, on, the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to such time for such determination;

Benchmark Transition Event means the occurrence of one or more of the following events with respect to the Original Reference Rate (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 Original Reference Rate (or such component) announcing that such administrator has ceased or will cease to provide the Original Reference Rate (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 Original Reference Rate (or such component); or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate (or such component), the central bank for the currency of the Original Reference Rate (or such component), an insolvency official with jurisdiction over the administrator for the Original Reference Rate (or such component), a resolution authority with jurisdiction over the administrator for the Original Reference Rate (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Original Reference Rate, which states that the administrator of the Original Reference Rate (or such component) has ceased or will cease to provide the Original Reference Rate (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 Original Reference Rate (or such component); or

- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative;

Corresponding Tenor means, with respect to a Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the Original Reference Rate;

Independent Adviser means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

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 Original Reference Rate;

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 Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes (provided that if, following one or more Benchmark Transition Events, such originally specified benchmark or screen rate (or any benchmark used in any Benchmark Replacement which has replaced it (the Replacement Benchmark)) has been replaced by a (or a further) Replacement Benchmark and a Benchmark Transition Event subsequently occurs in respect of such Replacement Benchmark, the term "Original Reference Rate" shall be deemed to include any such Replacement Benchmark);

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.

- (iii) Notices, etc.

The Issuer shall notify the Issuing and Principal Paying Agent, the Calculation Agent (if different from the Agent), the Paying Agents and, in accordance with Condition 16, the Noteholders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Replacement, and the specific terms of any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), determined under this Condition 6.2(c). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), if any.

(iv) Survival of Original Reference Rate

Without prejudice to the Issuer's obligations under the provisions of this Condition 6.2(c), the Original Reference Rate and the fallback provisions provided for in Condition 5.2(b), will continue to apply unless and until the Calculation Agent has been notified, in accordance with Condition 6.2(c)(iii), of (as the case may be):

- (1) the Successor Rate or the Alternative Rate (as the case may be), and (in either case) the Adjustment Spread and Benchmark Amendments (if any) determined in accordance with Condition 6.2(c)(i); or
- (2) the Benchmark Replacement and Benchmark Replacement Conforming Changes (if any) determined in accordance with Condition 6.2(c)(ii).

(v) Restriction on Independent Adviser and Issuer liability

An Independent Adviser appointed pursuant to this Condition 6.2(c) shall act in good faith.

In the absence of bad faith or fraud, neither the Issuer nor any Independent Adviser shall have any liability whatsoever to the Paying Agents, the Calculation Agent or the Noteholders or Couponholders for any determination made by the Issuer or the Independent Adviser or (in the case of the Independent Adviser) for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 6.2(c).

(vi) Regulatory Capital / Eligible Liabilities

Notwithstanding any other provision of this Condition 6.2(c), the Issuer shall not be required to adopt any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Replacement, nor to effect any Benchmark Amendments or Benchmark Replacement Conforming Changes, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected either:

- (1) to prejudice the qualification of the Notes as Tier 2 Capital and/or as eligible liabilities or loss absorbing capacity instruments for the purposes of any Loss Absorption Regulations; or
- (2) (if this Note is a Senior Non-Preferred Note only) to result in the relevant Supervisory Authority treating the relevant Interest Payment Date, as the effective maturity date of the Notes, rather than the relevant Maturity Date specified in the applicable Final Terms.

In such event, the Issuer shall be entitled to apply the provisions of this Condition 6.2(c) with such further adjustments as it considers necessary to avoid the consequences described under (i) and/or (ii) above, provided that the Issuer, acting in good faith and in a commercial reasonable manner, has determined that so doing shall not be materially less favourable to Noteholders than failing to apply the provisions of this Condition 6.2(c) at all.

(vii) Fallbacks

If, following the occurrence of:

- (i) a Benchmark Event; or
- (ii) a Benchmark Transition Event (and its related Benchmark Replacement Date),

in respect of the Original Reference Rate, on the immediately following Interest Determination Date:

- (1) (in the case of (i) above) no Successor Rate or Alternative Rate (as applicable) is determined pursuant to Condition 6.2(c)(i) or (as the case may be) a Successor Rate or Alternative Rate (as applicable) is determined, but no Adjustment Spread is determined pursuant to Condition 6.2(c)(i); or
- (2) (in the case of (ii) above) no Benchmark Replacement is determined in accordance with Condition 6.2(c)(ii),

then the original benchmark or screen rate (as applicable) will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided in Condition 6.2(b) will continue to apply to such determination.

In such circumstances, the Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 6.2(c), *mutatis mutandis*, on one or more occasions until:

- (1) (in the case of (i) above) a Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments; or
- (2) (in the case of (ii) above) the Benchmark Replacement and any Benchmark Replacement Conforming Changes,

have been determined and notified in accordance with this Condition 6.2(c) (and, until such determination and notification (if any), the fallback provisions provided in Condition 6.2(b), will continue to apply).

The Issuer's intention is that, in circumstances where the Issuer has been unable to determine (as applicable) (i) a Successor Rate or Alternative Rate (as applicable) and (in either case) the Adjustment Spread or (ii) the Benchmark Replacement pursuant this Condition 6.2(c), it will elect to re-apply such provisions if and when, in its sole determination, there have been such subsequent developments (whether in applicable law, market practice or otherwise) as would enable the Issuer successfully to apply such provisions and determine (as applicable) (a) a Successor Rate or Alternative Rate (as applicable) and (in either case) the applicable Adjustment Spread and the applicable Benchmark Amendments (if any) or (b) the Benchmark Replacement and the applicable Benchmark Replacement Conforming Changes (if any).

- (viii) Preparation in anticipation of a Benchmark Event or a Benchmark Transition Event

If the Issuer anticipates that a Benchmark Event or a Benchmark Transition Event, as applicable, will or may occur, nothing in these Conditions shall prevent the Issuer (in its sole discretion) from taking, prior to the occurrence of such Benchmark Event or a Benchmark Transition Event, such actions as it considers expedient in order to prepare for applying the provisions of this Condition 6.2(c) (including, without

limitation, appointing and consulting with an Independent Adviser, and seeking to identify any Successor Rate, Alternative Rate, Adjustment Spread, Benchmark Amendments, Benchmark Replacement and/or Benchmark Replacement Conforming Changes, as applicable), provided that no Successor Rate, Alternative Rate, Adjustment Spread, Benchmark Amendments, Benchmark Replacement and/or Benchmark Replacement Conforming Changes will take effect until the relevant Benchmark Event, or the relevant Benchmark Transition Event and its related Benchmark Replacement Date, as applicable, has occurred.

(d) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(e) Determination of Rate of Interest and calculation of Interest Amounts

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Notes represented by such Global Note or (B) such Registered Notes; or
- (ii) in the case of Floating Rate Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest 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 specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

D₁ is the first calendar day, expressed as a number, of the Interest 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 Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

D₁ is the first calendar day, expressed as a number, of the Interest 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 Interest 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.

(f) Linear Interpolation

Where 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, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as the Issuer, in consultation with an Independent Advisor, determines appropriate.

Designated Maturity means the period of time designated in the Reference Rate.

(g) Notification of Rate of Interest and Interest Amounts

This Condition 6.2(g) applies where the applicable Final Terms specifies "*Term Rate*" to be "Applicable".

Except where the applicable Final Terms specifies both "*Overnight Rate*" to be "Applicable", the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 16 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 16 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

Where the applicable Final Terms specifies "*Overnight Rate*" to be "Applicable", the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Accrual Period) and notice thereof to be published in accordance with Condition 16 (*Notices*) as soon as possible after their determination but in no event later than the second Business Day thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the relevant Interest Accrual Period. Any such amendment or alternative arrangements will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 16 (*Notices*).

(h) Certificates to be final

All certificates, communications, determinations, calculations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2(h) by the Issuing and Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Issuing and Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Issuing and Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

6.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and

- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Issuing and Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 16 (*Notices*).

7. PAYMENTS

7.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer or its Agents are subject, but without prejudice to the provisions of Condition 9 (*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 9 (*Taxation*)) any law implementing an intergovernmental approach thereto.

7.2 Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 7.1 (*Method of payment*) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

7.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

7.4 Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream,

Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

7.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for their share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

7.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 10 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):

- (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than T2) specified in the applicable Final Terms;
- (b) if T2 is specified as an Additional Financial Centre in the applicable Final Terms, a day on which T2 is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the T2 is open.

7.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 9 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes; and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9 (*Taxation*).

8. REDEMPTION AND PURCHASE

8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

8.2 Redemption for tax reasons

Subject to Condition 8.8 (*Early Redemption Amounts*), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Issuing and Principal Paying Agent and, in accordance with Condition 16 (*Notices*), the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if as a result

of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9 (*Taxation*)), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (b) in the case of Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes (as applicable), the Issuer would not be entitled to claim a deduction in computing its taxation liabilities in the Republic of Poland in respect of any payment to be made on the Notes on the occasion of the next payment due under the Notes or the value of such deduction to the Issuer would be materially reduced or the applicable tax treatment of the Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes (as applicable) changes,

provided that, in the case of Tier 2 Subordinated Notes, the Issuer demonstrates to the satisfaction of the Competent Authority that such change is material and was not reasonably foreseeable at the Issue Date, and

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

- (i) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which (A) the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due, (B) the Issuer would not be entitled to claim such deduction or the amount of such deduction would be materially reduced or (C) such tax treatment on the Notes would be affected; or
- (ii) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Final Terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Principal Paying Agent to make available at its specified office to the Noteholders: (A) a certificate signed by two directors 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 or, as the case may be, will not be entitled to claim such deduction or the amount of the deduction would be materially reduced or, as the case may be, the applicable tax treatment of the Notes has been or will be affected, in each case as a result of such change or amendment; and (C) in the case of the Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or the Tier 2 Subordinated Notes, if required under Applicable Banking Regulations, confirmation that the Competent Authority has given its consent to the redemption.

Upon the expiry of any such notice as is referred to in this Condition 8.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.2.

8.3 Early Redemption due to Capital Disqualification Event

If, in respect of Tier 2 Subordinated Notes only, a Capital Disqualification Event occurs, the Issuer may, at its option and having given not less than 30 nor more than 60 calendar days' notice to the Issuing and Principal Paying Agent and, in accordance with Condition 16 (*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 at the Early Redemption Amount referred to in Condition 8.8 (*Early Redemption Amounts*), together with interest accrued to (but excluding) the date of redemption.

The appropriate notice referred to in this Condition 8.3 is a notice given by the Issuer to the Issuing and Principal Paying Agent and the Noteholders, which notice shall be signed by the Issuer and shall specify:

- (a) that a Capital Disqualification Event has occurred and is continuing;
- (b) that the Issuer has obtained the prior written consent of the Competent Authority, provided that at the relevant time such consent is required to be given; and
- (c) the due date for such redemption, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

Any such notice shall be irrevocable and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

Redemption of Tier 2 Subordinated Notes for regulatory reasons pursuant to this Condition 8.3 is subject to the prior consent of the Competent 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:

Capital Disqualification Event means the determination by the Issuer, after consultation with the Competent Authority, that as a result of a change (or any pending change which the Competent Authority considers sufficiently certain) in Polish law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date (including as a result of the implementation or applicability in Poland of CRD on or after the Issue Date) which change was not reasonably foreseeable by the Issuer as at the Issue Date of such Series, the aggregate outstanding nominal amount of the Tier 2 Subordinated Notes is fully excluded or partially excluded from inclusion in the Tier 2 Subordinated Capital of the Issuer or the Group;

Tier 2 Subordinated Capital means Tier 2 Subordinated Capital as provided under the Applicable Banking Regulations.

8.4 Early Redemption due to MREL Disqualification Event

If, in the case of Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated 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 Issuing and Principal Paying Agent and, in accordance with Condition 16 (*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) at the Early Redemption Amount referred to in Condition 8.8 (*Early Redemption Amounts*), together

(if appropriate) with interest accrued to (but excluding) the date of redemption. Upon the expiry of such notice, the Issuer shall redeem the relevant Notes (as applicable).

The appropriate notice referred to in this Condition is a notice given by the Issuer to the Issuing and Principal Paying Agent and the Noteholders, which notice shall be signed by the Issuer and shall specify:

- (a) that a MREL Disqualification Event has occurred and is continuing;
- (b) that the Issuer has obtained the prior written consent of the Relevant Resolution Authority, provided that at the relevant time such consent is required to be given; and
- (c) the due date for such redemption, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

Any such notice shall be irrevocable and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

Any refusal by the Relevant Resolution Authority to grant its approval as described above will not constitute an event of default under the relevant Notes.

Redemption of Notes pursuant to this Condition 8.4 (*Early Redemption due to MREL Disqualification Event*) will be subject to Condition 8.5 (*Restrictions on early redemption*).

For the purposes of these Conditions:

Applicable MREL Regulations means, at any time, the laws, regulations, requirements, guidelines and, policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of the Republic of Poland, and/or of the European Parliament or of the Council of the European Union then in effect in the Republic of Poland or any other relevant jurisdiction giving effect to 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 Directive 2014/59/EU of the European Parliament and of the Council 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 the EU legislation and relevant implementing legislation and regulation in Poland or any other relevant jurisdiction;

MREL Disqualification Event means in respect of the Senior Subordinated Notes, Senior Non-Preferred Notes and Senior MREL Notes, the determination by the Issuer that, as a result of any amendment to, or change in, or replacement, (or any pending amendment, change or replacement which the Relevant Resolution Authority considers sufficiently certain), of the relevant Applicable Banking Regulations or any change in the application or official interpretation of any Applicable MREL Regulations, in any such case becoming effective on or after the Issue Date of the relevant Series of the Notes, the whole or any part of the outstanding aggregate principal amount of such Series at any time is not included in, ceases or (in the opinion of the Issuer or the Relevant Resolution Authority) will cease to count towards, the Issuer's or the Group's eligible liabilities and/or loss-absorbing capacity (in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations and

provided that such change was not reasonably foreseeable by the Issuer as at the Issue Date of such Series); **provided that** an MREL Disqualification Event shall not occur if such whole or part of the outstanding principal amount of the relevant Series of Notes is not included in, ceases or (in the opinion of the Issuer) will cease to count towards, such eligible liabilities and/or loss-absorbing capacity due to: (a) the remaining maturity of such Notes being less than the minimum period prescribed by the relevant Applicable Banking Regulations; or (b) 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 Requirement Date means the time from which the Issuer and/or the Group is obliged to meet any MREL Requirements; and

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.

8.5 Restrictions on early redemption

- (a) The Issuer may redeem in accordance with the terms of these Conditions (and give notice thereof to the Noteholders) the Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes only if such redemption is in accordance with the Applicable Banking Regulations and it has been granted the approval of or permission from (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of the Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes) the Relevant Resolution Authority and:
- (i) before or at the same time as such redemption or repurchase of any Notes, the Issuer replaces such Notes with own funds instruments (or, in the case of the Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, eligible liabilities instruments) of an equal or higher quality at terms that are sustainable for its income capacity; or
 - (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority (in the case of Tier 2 Subordinated Notes) or the Relevant Resolution Authority (in the case of the Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes) that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements (in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, for own funds and eligible liabilities) under CRD and BRRD by a margin that (in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes) the Relevant Resolution Authority, in agreement with the Competent Authority, or (in the case of Tier 2 Subordinated Notes) the Competent Authority, considers necessary; or
 - (iii) in the case of the Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes only, the Issuer has demonstrated to the satisfaction of the Relevant Resolution Authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRD for continuing authorisation; and
 - (iv) in the case of redemption of Tier 2 Subordinated Notes before five years after the Issue Date of the last Tranche of such Series of Notes if the conditions

listed in sub-paragraph (i) or (ii) above and one of the following conditions are met:

- (A) in the case of redemption due to the occurrence of a Capital Disqualification Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Disqualification Event was not reasonably foreseeable at the time of the issuance of the Notes; or
 - (B) in the case of redemption due to the occurrence of a taxation reason, the Issuer demonstrates to the satisfaction of the Competent Authority that the change in tax treatment is material and was not reasonably foreseeable at the Issue Date of the most recent Tranche of the Notes of the relevant Series; or
 - (C) before or at the same time as such redemption or repurchase of the relevant Notes, the Issuer replaces the Notes with own funds instruments of an equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or
 - (D) the Notes are repurchased for market-making purposes.
- (b) Any refusal by (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of the Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes) the Relevant Resolution Authority to grant its approval or permission as described above will not constitute an event of default under the relevant Notes.

8.6 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of the Senior MREL Notes, Senior Non-Preferred Notes or Subordinated Notes, redemption at the option of the Issuer pursuant to this Condition 8.6 will be subject to the prior consent of the Competent 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.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (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). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 (*Notices*) not less than 15 days prior to the date fixed for redemption.

8.7 Redemption at the option of the Noteholders (Investor Put)

This Condition 8.7 applies to Ordinary Senior Notes.

If, in respect of the Ordinary Senior Notes, Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 16 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Ordinary Senior Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2 (*Transfers of Registered Notes - Transfers of Registered Notes in definitive form*). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Issuing and Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on their instruction by Euroclear, Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be for them to the Issuing and Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 8.7 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 8.7 and instead to declare such Note forthwith due and payable pursuant to Condition 11 (*Events of Default*).

8.8 Early Redemption Amounts

For the purpose of Conditions 8.2 (*Redemption for tax reasons*), 8.3 (*Early Redemption due to Capital Disqualification Event*), 8.4 (*Early Redemption due to MREL Disqualification Event*) and Condition 11 (*Events of Default*):

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the accrual yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the -actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

8.9 Purchases

Subject to Condition 8.5 (*Restrictions on early redemption*), the Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

Tier 2 Subordinated Notes may only be purchased by the Issuer or any Subsidiary of the Issuer, if and to the extent permitted by the Applicable Banking Regulations at the relevant time the Notes to be purchased: (a) comply with any applicable threshold as may be requested or required by the Relevant Resolution Authority from time to time; and (b) are purchased in order to be surrendered to any Paying Agent for cancellation.

Any refusal by (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of the Senior MREL Notes, the Senior Non-Preferred Notes or the Senior Subordinated Notes) the Relevant Resolution Authority to grant its approval or permission as described above will not constitute an Event of Default under the relevant Notes.

8.10 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.9 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Issuing and Principal Paying Agent and cannot be reissued or resold.

8.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 8.1 (*Redemption at maturity*), 8.2 (*Redemption for tax reasons*), 8.3 (*Early Redemption due to Capital Disqualification Event*), 8.4 (*Early Redemption due to MREL Disqualification Event*), 8.5 (*Restrictions on early redemption*), 8.6 (*Redemption at the option of the Issuer (Issuer Call)*) or 8.7 (*Redemption at the option of the Noteholders (Investor Put)*) above or upon its becoming due and repayable as provided in Condition 11 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.8(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Issuing and Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 16 (*Notices*).

9. TAXATION

All amounts payable in respect of the Notes (whether in respect of principal, interest or otherwise) by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties or charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction in the case of Ordinary Senior Notes that are not Senior MREL Notes, or interest only, in the case of Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes, as would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (a) the holder of which is liable for such taxes, duties or charges in respect of such Note or Coupon by reason of its having some connection with a Tax Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7 (*Payments*)).

Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes and Coupons for, or on account of, 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, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

- (i) **Tax Jurisdiction** means the Republic of Poland, or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer of principal and interest on the Notes become generally subject; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issuing and Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16 (*Notices*).

10. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.2 (*Presentation of definitive Bearer Notes and Coupons*) or any Talon which would be void pursuant to Condition 7.2 (*Presentation of definitive Bearer Notes and Coupons*).

11. EVENTS OF DEFAULT

11.1 Events of Default relating to Ordinary Senior Notes that are not Senior MREL Notes

This Condition 11.1 only applies to Ordinary Senior Notes that are not Senior MREL Notes.

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) Non-payment

A default is made in the payment of any principal or interest due in respect of the Ordinary Senior Notes on the due date for payment thereof and such default continues for a period of seven days in the case of interest and/or principal; 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 Ordinary Senior Notes and (except in any case where the default is incapable of remedy when no such continuation or notice as in hereinafter mentioned will be required) such default continues for more than 45 days following service by a holder of Ordinary Senior Notes on the Issuer requiring the same to be remedied; or

- (c) Cross-default of Issuer or Material Subsidiary
- (A) any Relevant 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; or
- (B) any such Relevant 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 Relevant Indebtedness;
- provided that** the amount of Relevant Indebtedness referred to in sub-paragraph (A) and/or sub-paragraph (B) above individually or in the aggregate exceeds EUR 50,000,000 (or its equivalent in any other currency or currencies); or
- (d) Insolvency etc.
- (A) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Material Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, or any of its Material Subsidiaries, or (C) the Issuer, or any of its respective Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Relevant Indebtedness; or
- (e) Winding up etc.
- An order is made by any competent court 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) and (e) above; or
- (g) Cessation of business
- 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
- (h) Withdrawal of banking licence
- If the banking operations of the Issuer are suspended or the Issuer's banking licence is withdrawn pursuant to applicable Polish banking law; or
- (i) 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 Ordinary Senior Notes.

11.2 Definitions

For the purposes of the Conditions:

Auditors means the auditors for the time being of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of these presents, such other firm of chartered accountants as the Issuer may appoint for the purposes of these presents;

Material Subsidiary means any Subsidiary of the Issuer: (a) whose gross revenues (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 15 per cent. of the consolidated gross revenues 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.

Subsidiary means any company or corporation: (A) which is controlled, directly or indirectly, by the first-mentioned company or corporation; or (B) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or (C) which is a Subsidiary of another Subsidiary of the first-mentioned company or corporation, and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

11.3 Events of Default relating to Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes and Tier 2 Subordinated Notes

Save as provided below, there are no events of default under the Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes or Tier 2 Subordinated Notes, which could lead to an acceleration of the relevant Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes or Tier 2 Subordinated 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 Issuing 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.

11.4 Notices relating to Events of Default

Neither a reduction or cancellation, in part or in full, of the principal or any other redemption amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of any Polish bail-in power by the Competent Authority with respect to the Issuer, nor the exercise of any Polish bail-in power by the Competent Authority with respect to the Notes pursuant to Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*), will be an Event of Default.

11.5 Occurrence of Event of Default

Subject to Condition 11.3 *Events of Default relating to Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes and Tier 2 Subordinated Notes*) if any Event of Default shall occur and be continuing in relation to any Series of Ordinary Senior Notes (other than Senior MREL Notes), any holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Issuing and Principal Paying Agent effective upon the date of receipt thereof by the Issuing and Principal Paying Agent, declare any such Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

12. SUBSTITUTION AND VARIATION

If Substitution and Variation is specified in the relevant Final Terms as being applicable to the Notes (other than Ordinary Senior Notes that are not Senior MREL 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 8.2 (*Redemption for tax reasons*) occurs and is continuing, or to ensure the effectiveness or enforceability of Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*), the Issuer may substitute all (but not some only) of the Notes (as the case may be) 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 16 (*Notices*) and the Issuing 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 Competent Authority if and as required therefor under Applicable Banking Regulations and in accordance with Applicable Banking Regulations in force at the relevant time, provided that such variation or substitution would not itself directly lead to a downgrade in any of the credit ratings solicited by the Issuer of the Notes as assigned to such Notes by any Rating Agency immediately prior to such variation or substitution (unless any such downgrade is solely attributable to the effectiveness and enforceability of Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*)).

Any refusal by (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes) the Relevant Resolution Authority to grant its approval as described above will not constitute an event of default under the relevant Notes.

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 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 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*), 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 12, the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to this Condition 12, the date such variation becomes effective, provided that such securities shall:

- (a) (i) in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, 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 (ii) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then-current requirements for their inclusion in the Tier 2 Subordinated Capital of the Issuer; and
- (b) carry the same Rate of Interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 12 (*Substitution and variation*); and
- (c) have the same redemption rights as the Notes; and
- (d) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to this Condition 12 (*Substitution and variation*); and
- (e) 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 12 (*Substitution and variation*); and
- (f) have a ranking at least equal to the Notes; and
- (g) not, immediately following such substitution or variation, be subject to a Capital Disqualification Event, an MREL Disqualification Event and/or an early redemption right for taxation reasons according to Condition 8.2 (*Redemption for tax reasons*), as applicable; and
- (h) 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 12 (*Substitution and variation*).

13. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such

terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

14. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be an Issuing and Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.5 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 16 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

15. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10 (*Prescription*).

16. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and on the Issuer's website <https://www.pkobp.pl/investor-relations/issuance-and-ratings/> and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, www.luxse.com. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which

complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Issuing and Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Issuing and Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Issuing and Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

17. MEETINGS OF NOTEHOLDERS, MODIFICATION AND SUBSTITUTION

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons or amending the Deed of Covenant in certain

respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Issuing and Principal Paying Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Couponholders.

The Issuing and Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

The Issuer, or any previously substituted company, may, at any time, without the consent of the Noteholders and Couponholders, substitute for itself as principal debtor under the Notes and the Coupons any company (the **Substitute**) that is a Subsidiary of the Issuer, provided that no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the **Deed Poll**), to be substantially in the form scheduled to the Agency Agreement as Schedule 7, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is 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, Coupon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) the obligations of the Substitute under the Deed Poll, the Notes, Coupons and the Deed of Covenant shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Agency Agreement, the Notes, Coupons and Deed of Covenant 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 and shall assume the obligations of the Issuer under the Deed of Covenant relating to the Notes, (v) legal opinions addressed to the holders of Notes shall have been delivered to them (care of the Issuing and Principal Paying Agent) from a lawyer or firm of lawyers with a leading

securities practice in each jurisdiction referred to in limb (i) above and in England as to the fulfilment of the preceding conditions of limb (iii) above and the other matters specified in the Deed Poll; (vi) the Substitute shall have delivered to the Noteholders (care of the Issuing and Principal Paying Agent) a certificate signed by two authorised signatories of the Substitute that the Substitute is solvent at the time at which the substitution is proposed to be effected, (vii) the Substitute, if incorporated in a jurisdiction other than England, shall have appointed an agent to receive, for and on its behalf, service of process in any proceedings in England, (viii) each listing authority and stock exchange (if any) on which the Notes are then admitted to listing or trading shall have confirmed that, following the proposed substitution, the Notes will be admitted to listing or trading by such listing authority or stock exchange and (ix) the Issuer shall have given at least 14 days' prior notice of such substitution to the holders of Notes, stating that copies or, pending execution, the agreed text of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to holders of Notes, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 11 (*Events of Default*) to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, the events listed in Condition 11 (*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.

18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. GOVERNING LAW AND SUBMISSION TO JURISDICTION

20.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and construed in accordance with, English law except that the provisions of Condition 3 (*Status of the Notes*), Condition 21 (*Acknowledgment of Bail-in and Loss Absorption Powers*), and Condition 22 (*Recognition of Stay Powers*) which shall be governed by, and construed in accordance with, Polish law.

20.2 Submission to jurisdiction

- (a) Subject to Condition 20.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

- (b) For the purposes of this Condition 20.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

20.3 Appointment of Process Agent

The Issuer irrevocably appoints Apex Agency Services Ltd., 6th Floor, 125 London Wall, London, EC2Y 5AS, United Kingdom as its agent for service of process, in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Apex Agency Services Ltd. being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

20.4 Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

21. ACKNOWLEDGMENT OF BAIL-IN AND LOSS ABSORPTION POWERS

Notwithstanding, and to the exclusion of, any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 21, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority, which may be imposed with or without any notice with respect to the Notes and which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (i) the reduction or cancellation of all, or a portion, of the Relevant Amounts due in respect of the Notes and/or Coupons;
 - (ii) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes and/or Coupons into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder, Couponholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes and/or Coupons (in which case the Noteholder or the Couponholder agrees to accept,

- in lieu of its rights under the Notes and/or Coupons, any such shares, securities or other obligations of the Issuer or another person);
- (iii) the cancellation of the Notes and/or the Coupons;
 - (iv) amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date(s) on which interest becomes payable, including by suspending payment for a temporary period; and
 - (v) the variation of the terms of the Notes, if necessary, to give effect to the exercise of any Polish bail-in power by the Competent Authority and/or the Relevant Resolution Authority.
- (b) By its acquisition of the Notes, each Noteholder (including, for these purposes, each holder of a beneficial interest in the Notes): (i) acknowledges, accepts, consents and agrees to be bound by the exercise of any Bail-in and Loss Absorption Powers as may be exercised without any prior notice by the Competent Authority and/or the Relevant Resolution Authority of its decision to exercise such power with respect to such Notes; and (ii) shall be deemed to have authorised, directed and requested Euroclear and Clearstream, Luxembourg, any accountholder in Euroclear or Clearstream, Luxembourg or other intermediary through which it holds such Notes to take any and all necessary action, if required, to implement the exercise of any Bail-in and Loss Absorption Powers with respect to such Notes as it may be exercised, without any further action or direction on the part of such Noteholder or any Agent.
- (c) Upon the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable regarding such exercise of the Bail-in and Loss Absorption Powers. 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 Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority.
- (d) Neither a reduction or cancellation, in part or in full, of the principal or any other redemption amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes, the conversion thereof into another security or obligation of the Issuer or another person or the variation of the terms of the Notes, as a result of the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority with respect to the Notes pursuant to this Condition 21, will be an Event of Default.

In these Conditions:

Bail-in and Loss Absorption Powers means any loss absorption, write-down, conversion, transfer, modification, suspension or similar or resolution-related power existing from time to time under, and exercised in compliance with, 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 pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into

shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period); and

Relevant Amounts means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority.

22. 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 22, 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 22 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) In these Conditions:

Stay Powers means the powers of a relevant resolution authority to suspend or restrict rights and obligations under:

- (i) Article 33a (Power to suspend payment or delivery obligations);
- (ii) Article 69 (Power to suspend payment or delivery obligations);
- (iii) Article 70 (Power to restrict the enforcement of any security interest); and
- (iv) 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;

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

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.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

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

Key factors affecting comparability

Changes in the accounting policies applicable from 1 January 2023

On 1 January 2023 the International Financial Reporting Standard 17 Insurance Contracts (**IFRS 17**) became mandatorily applicable. The aim of IFRS 17 is to introduce uniform rules for the measurement of insurance and reinsurance contracts, ensuring greater comparability of reporting between providers of insurance products, and to provide a number of new disclosures for the users of financial statements. IFRS 17 changed the recognition, measurement, presentation and disclosure of insurance contracts distributed by Group companies, both as products linked to, among others, mortgage loans, cash loans and leasing products, and as stand-alone products. The Group implemented IFRS 17 in the retrospective full and modified approach for the part of the portfolio. The implementation of IFRS 17 as at 1 January 2022 resulted in an increase in the Group's assets by PLN 582 million, liabilities by PLN 296 million and equity by PLN 286 million. For detailed description of how the implementation of IFRS 17 affected the Group's financial results in 2022, see Note 14 "IFRS 17 Insurance Contracts" to the 2023 Consolidated Financial Statements.

As a result of the change described above and its impact on comparative data, the financial information as at and for the year ended 31 December 2022 in this Base Prospectus has been provided on the revised presentation basis, where applicable.

Selected financial information

For the year ended 31 December 2023, the Group's net profit was PLN 5,502 million, compared to PLN 3,312 million in the year ended 31 December 2022. The increase was mainly driven by an increase in net interest income resulting from increased average interest rates. The result on the Group's business activities was PLN 24,132 million and was higher by PLN 6,923 million, i.e. 40.2 per cent. than in the year ended 31 December 2022. The increase was mainly a result of an increase in net interest income.

As in the year ended 31 December 2022, net interest income was the Group's largest income source. In the year ended 31 December 2023, net interest income reached PLN 18,318 million, an increase of PLN 6,984 million compared to 2022. The increase was a result of higher income on financings granted to the Group's clients caused by the high interest rates in Poland in 2023.

Interest income in 2023 was PLN 31,217 million, a 58.1 per cent. increase compared to 2022. The increase was mainly caused by an increase in income on financings granted to the Group's customers, caused by an increase in market interest rates and increase in the share of housing and consumer loans denominated in PLN and an increased share of business and consumer loans in the Group's loan portfolio. A higher income on securities held by the Group also contributed to the increase in interest income. In the year ended 31 December 2023, interest expenses were PLN 12,899 million, a PLN 4,572 million increase from the year ended 31 December 2022. The main factors that led to this increase were an increase in interest expense on deposits caused by higher average annual interest rates as well increased share of term deposits bearing higher interest rates, an increase in hedge accounting expenses and increased costs of servicing the Group's debt securities.

The Group's net fee and commission income increased by PLN 128 million to PLN 4,626 million in 2023. The increase was mainly the result of a higher net income on cards, higher income on loans, insurance and operating leases and higher net income from investment funds, pension funds and brokerage activities.

Other net income in 2023 was PLN 1,188 million and was PLN 99 million lower than in 2022. This decrease was caused by lower net income from financial operations, lower net insurance income, lower net other operating income and expenses and lower dividend income.

In the year ended 31 December 2023 administrative expenses were PLN 7,635 million, and decreased by 1.7 per cent. as compared to the year ended 31 December 2022. This decrease is mainly related to a decrease in regulatory costs, i.e. lower contribution to the BGF and no contribution to the institutional protection scheme in 2023.

In 2023, the net write-downs and impairments (calculated as the sum of net allowances for expected credit losses, net impairment losses on non-financial assets and cost of legal risk of mortgage loans in convertible currencies) were PLN 6,803 million and increased by PLN 3,325 million compared to 2022. This increase is attributable mainly to increased costs of legal risk related to mortgage loans in convertible currencies. The share of impaired loans in 2023 was 3.44 per cent., a decrease of 0.35 percentage points compared with 2022.

As at 31 December 2023, the Group's total assets were PLN 501.5 billion and increased by PLN 70.1 billion as compared to the year ended 31 December 2022.

In the year ended 31 December 2023, the amount of financings granted to the Group's customers was PLN 245.8 billion, a PLN 12.8 billion increase compared to 2022. The amount of retail and private banking loans increased by PLN 5.1 billion and the amount of corporate loans increased by PLN 7.6 billion. The deposits held by the Group increased by PLN 60.3 billion to PLN 399.2 billion. The outstanding amount of external financings granted to the Group (being the sum of loans and advances received, securities in issue and subordinated liabilities) as at 31 December 2023 was PLN 21.5 billion, an increase of PLN 0.9 billion as compared to 31 December 2022.

Group financial information for the years ended 31 December 2023 and 31 December 2022

Consolidated Income Statements

	Year ended 31 December	
	2023	2022 (restated)
	<i>(PLN million)</i>	
Net interest income	18,318	11,424
Interest and similar income	31,217	19,751
<i>of which calculated under the effective interest rate method</i>	<i>30,668</i>	<i>19,196</i>
Interest expense	(12,899)	(8,327)
Net fee and commission income	4,626	4,498
Fee and commission income	6,301	6,059
Fee and commission expense	(1,675)	(1,561)
Other net income	1,188	1,287
Net income from insurance business, of which:	711	779
<i>Insurance revenue (net of reinsurance)</i>	<i>1,242</i>	<i>1,174</i>
<i>Cost of insurance activities (net of reinsurance)</i>	<i>(389)</i>	<i>(324)</i>
Dividend income	14	51
Gains/(losses) on financial transactions	167	358
Foreign exchange gains/ (losses)	99	(73)
Gains/(losses) on derecognition of financial instruments	57	(26)
<i>of which measured at amortized cost</i>	<i>24</i>	<i>15</i>
Net other operating income and expense	140	198
Result on business activities	24,132	17,209
Net allowances for expected credit losses	(1,265)	(1,501)
Net impairment losses on non-financial assets	(108)	(63)
Cost of legal risk of mortgage loans in convertible currencies	(5,430)	(1,914)
Administrative expenses	(7,635)	(7,769)
<i>of which net regulatory charges</i>	<i>(622)</i>	<i>(1,887)</i>
Tax on certain financial institutions	(1,231)	(1,266)
Share in profits and losses of associates and joint ventures	99	71

Profit before tax	8,562	4,767
Income tax expense	(3,057)	(1,455)
Net profit/(loss) (including non-controlling interest)	5,505	3,312
Profit (loss) attributable to non-controlling shareholders	3	-
Net profit attributable to equity holders of the parent company	5,502	3,312
Earnings per share		
– basic earnings per share for the period (PLN)	4.40	2.65
– diluted earnings per share for the period (PLN)	4.40	2.65
Weighted average number of ordinary shares during the period (in million)	1,250	1,250

Consolidated statements of comprehensive income

	Year ended 31 December	
	2023	2022 (restated)
	<i>(PLN million)</i>	
Net profit (including non-controlling shareholders)	5,505	3,312
Other comprehensive income	5,615	(3,296)
Items which may be reclassified to profit or loss	5,618	(3,289)
Cash flow hedges (net)	3,358	(1,519)
<i>Cash flow hedges (gross)</i>	<i>4,146</i>	<i>(1,901)</i>
<i>Deferred tax</i>	<i>(788)</i>	<i>382</i>
Hedges of net investments in foreign operations	-	4
Fair value of financial assets measured at fair value through other comprehensive income (net)	2,440	(1,676)
Remeasurement of fair value, gross	3,029	(2,112)
Gains /losses transferred to the profit or loss (on disposal)	(33)	41
Deferred tax	(556)	395
Currency translation differences on foreign operations	(124)	(87)
Share in other comprehensive income of associates and joint ventures	(31)	(18)
Finance income and costs from insurance business, net	(25)	7
Finance income and costs from insurance business, gross	(31)	9
Deferred tax	6	(2)
Items which cannot be reclassified to profit or loss	(3)	(7)
Actuarial gains and losses (net)	(3)	(7)
Actuarial gains and losses (gross)	(4)	(9)
Deferred tax	1	2
Total net comprehensive income	11,120	16
Total net comprehensive income, of which attributable to:	11,120	16
<i>equity holders of the parent</i>	<i>11,117</i>	<i>16</i>
<i>non-controlling interest</i>	<i>3</i>	<i>-</i>

Consolidated statements of financial position

	31 December	31 December	1 January 2022
	2023	2022 (restated)	(restated)
	<i>(PLN million)</i>		
ASSETS	501,516	431,447	418,668
Cash and balances with Central Bank	17,813	15,917	11,587
Amounts due from banks	14,438	16,101	9,010
Hedging derivatives	1,174	1,042	933
Other derivative instruments	8,406	13,162	10,903
Securities	197,484	135,632	135,440
Reverse repo transactions	372	7	0
Loans and advances to customers	245,776	232,959	235,695
Assets in respect of insurance activities	90	115	128
Property, plant and equipment under operating lease	2,117	1,764	1,371
Property, plant and equipment	3,203	2,917	3,108
Non-current assets held for sale	19	10	18
Intangible assets	3,918	3,512	3,443
Investments in associates and joint ventures	284	285	285
Current income tax receivable	6	52	36
Deferred tax assets	4,000	5,187	4,116

Other assets	2,416	2,785	2,595
LIABILITIES AND EQUITY	501,516	431,447	418,668
Liabilities	456,289	395,740	380,689
Amounts due to Central bank	10	9	8
Amounts due to banks	3,423	3,011	3,821
Hedging derivatives	2,992	7,469	4,806
Other derivative instruments	9,291	12,978	11,008
Amounts due to customers	399,193	338,868	321,266
Liabilities in respect of insurance activities	2,915	2,878	3,317
Loans and advances received	1,489	2,294	2,461
Securities in issue	17,201	15,510	23,872
Subordinated liabilities	2,774	2,781	2,716
Other liabilities	11,007	7,010	5,360
Current income tax liabilities	1,117	765	18
Deferred tax liabilities	712	77	379
Provisions	4,165	2,090	1,657
EQUITY	45,227	35,707	37,979
Share capital	1,250	1,250	1,250
Reserves and accumulated other comprehensive income	27,676	22,239	25,330
Retained earnings	10,810	8,920	6,539
Net profit or loss for the year	5,502	3,312	4,874
Capital and reserves attributable to equity holders of the parent company	45,238	35,721	37,993
Non-controlling interests	(11)	(14)	(14)

DESCRIPTION OF THE GROUP

Overview

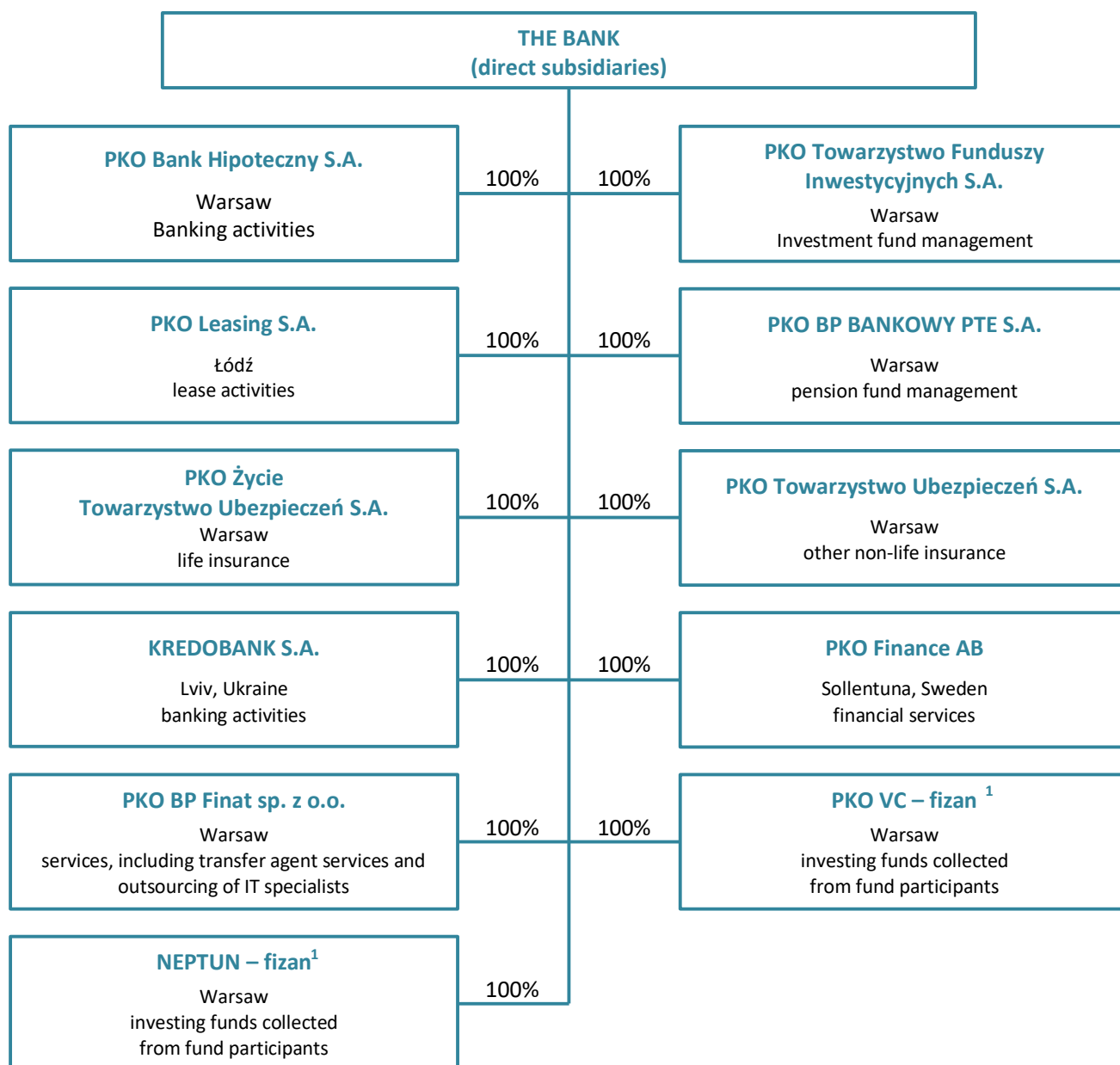
The Group is one of the largest financial services groups in Poland and one of the largest financial groups in Central and Eastern Europe. The Group provides a comprehensive range of banking services and other financial products to individuals, corporate clients and public sector entities. Poland is the Group's main market, but the Group is also active in the Ukrainian market, has branches in Germany, Czech Republic and Slovakia and subsidiaries in Ireland and Sweden. Based on the analysis of the financial statements of banks operating in Poland, the Bank estimates that it is the largest bank in Poland in terms of the scale of operations, equity, loans, deposits, number of customers and the size of the distribution network. Based on the Management's Board assessment, the Bank had approximately 11.9 million customers in Poland as at 31 December 2023.

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 comprises of business accounts, local and foreign transfers, payment cards, cash services and liquidity management products. The Group also offers a variety of lending products, 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 0000026438 and its registered office is in Warsaw at ul. Puławska 15, 02-515 Warsaw, Poland. Its telephone number is +48 81 535 60 60. 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 – The Bank holds investment certificates of the fund.

History

The Bank was established in 1919 under the name "Pocztowa Kasa Oszczędności" as a state savings institution. In 1946 its name was changed to "Powszechna Kasa Oszczędności" and the deposits made with Powszechna Kasa Oszczędności received a guarantee from the Polish state. In 1975 Powszechna Kasa Oszczędności became a part of NBP. In 1987 it was transformed into a state bank. In 2000 the Bank was transformed into a joint-stock company and started operating under its current name. In 2004 the shares in the Bank were offered to the public in an initial public offering and were admitted to trading on the regulated market of the WSE.

In 2004 the Bank acquired the majority stake in its Ukrainian subsidiary, Kredobank and in 2018 became the sole shareholder of Kredobank. In 2014 the Bank purchased the Polish operations of the Nordea group. The Bank's subsidiary providing leasing services, PKO Leasing, acquired two leasing companies operating in the Polish market, Raiffeisen Leasing Polska S.A. (in 2016) and Prime

Car Management S.A. (in 2019). In 2017 the Group purchased KBC Towarzystwo Funduszy Inwestycyjnych S.A., a fund manager which formerly belonged to the KBC group.

In 2015 the Bank opened its German branch, which was the Bank's first foreign branch. In 2017 the Bank opened a branch in the Czech Republic and in 2020 in Slovakia.

Ratings

As at the date of this Base Prospectus, the Bank has the following ratings assigned by Moody's:

Category	Rating	Outlook
Long-term deposit rating	A2	Stable
Short-term deposit rating	P-1	-
Senior unsecured debt rating	A3	Stable
Senior unsecured MTN programme rating	(P)A3	-
Senior non-preferred MTN programme rating	(P)Baa3	-
Senior non-preferred rating	Baa3	-
Other short-term debt programme rating	(P)P-2	-
Long-term counterparty risk rating	A2	-
Short-term counterparty risk rating	P-1	-
Long-term counterparty risk assessment	A2(cr)	-
Short-term counterparty risk assessment	P-1(cr)	-
Baseline Credit Assessment	baa2	-

Strategy

In December 2022 the Bank adopted the strategy for the years 2023 – 2025 entitled "Ready for the challenges, focused on the future". Under the strategy, the Bank set goals focused on customers, employees, society and shareholders.

The strategy is based on the following pillars:

- "Customer at the centre - a simple, friendly and accessible Bank" – the Bank intends to become one of the top three institutions in providing the best customer experience among Polish banks by simplifying the Bank's offer, personalisation and better adapting the banking method to customer preferences, so that in 2025 all of the Bank's services will be available in remote channels;
- "Lifestyle banking: Bank of the Future focused on modern acquisition" – the Bank intends to develop its non-banking services and expand value added services in its mobile application;
- "The best value proposition for business customers thanks to the size of the Group" – the Bank is focused on creating value for corporate customers by increasing the cooperation in the Group and creating the best multi-platform on the Polish market and to use its expertise in the Ukrainian market to support the reconstruction of Ukraine;
- "Leader of the ESG transition in the Polish banking sector" – the Bank intends to implement its ESG goals related to financing sustainable and transition projects, reduction of own emissions, the social aspect and internal organisational governance;
- "Agile technologies and future-ready operations" – the Bank intends to develop the IT infrastructure in areas such as data management, cyber security, increasing the scale of agile technologies and development, security and selective cloud migration;

- "Culture of innovation and agility - the Bank of Talents" – the Bank intends to increase the net promoter score of employees by 20 points by creating an environment of continuous development, transformation of organisational culture and further development of agile working methods; and
- "Using the Bank's strong position for inorganic growth" – the Bank intends to look for opportunities offered by the market in the context of potential acquisition targets in the banking sector and among companies from outside the sector with high potential for synergy with the banking business.

The Bank's financial goals for the year ending 31 December 2025 set out in the strategy are:

- return on equity above 12 per cent.;
- cost to income ratio below 45 per cent.;
- cost of risk of approximately 0.70 per cent. – 0.90 per cent.; and
- ability to pay dividend or carry out share buy-backs.

The strategy also takes into account the non-financial factors concerning the environment, society and corporate governance. According to the strategy, the Bank aims to:

- improve its customers and employees satisfaction;
- have the largest volume of new ESG financing in Poland in 2025;
- material risk taker positions to be taken by minimum 30 per cent. of women;
- digitalise rate of processes for retail customers at approximately 100 per cent. by 2025;
- increase a growth of the base of primary customers under age of 35 by 25 per cent. by 2025; and
- increase non-banking revenues of the companies in the Group by 20 per cent.

Competitive strengths

The Group's main competitive strengths are as follows:

- the most known and recognisable brand on the Polish banking market according to a survey conducted by "Press" magazine and PSMM Monitoring & More;
- according to a "Puls Biznesu" report on the situation of the Polish sector in the third quarter of 2023, the biggest customer base in the Polish market, the biggest distribution network, the biggest number of customers using the remote (including mobile) channels;
- according to the Bank's estimates based on the analysis of the financial statements of other Polish banks, a leading position in the main segments of the banking market, and, according to data published by the Polish Leasing Association (in Polish: *Związek Polskiego Leasingu*) the leading position of the Bank's subsidiary providing leasing services;
- ability, in cooperation with other participants of the banking market, to implement solutions that influence the whole Polish banking sector, such as the BLIK electronic payment system

(in cooperation with other banks) or the system granting electronic access to Polish public administration services;

- involvement in the economic development of the country, and a comprehensive product offering for companies;
- according to the NBP and the Bank's estimates based on the analysis of the financial statements of other Polish banks, a comprehensive offering and a strong position in servicing local government units;
- high competences in the field of development and implementation of new technologies supporting the development of an innovative offer of products and services, in cooperation with fintech sector and providers of services based robotisation, AI and cloud solutions;
- stable deposit base;
- very strong capital base, well above regulatory requirements;
- the highest competences in the area of cybersecurity of banking products and services;
- skilled, committed employees; and
- application of databases and advanced analytics to improve customer experience, increase profitability and productiveness.

Business

The Group offers a broad range of banking and financial products and services to individuals, corporate clients and entities from the public sector. The Group's operations are divided into the following reporting segments:

- Retail Segment, which offers a full range of retail, private and mortgage banking services to individuals and small and medium enterprises. The products and services offered in this segment include current accounts, savings accounts, term deposits, private banking services, investment and insurance products, investment funds, credit and debit cards, electronic and mobile banking services. The lending products include consumer loans, mortgage loans, including loans granted by PKO Bank Hipoteczny S.A., corporate loans, leases and factoring services. The Retail Segment also covers the activities of PKO Towarzystwo Funduszy Inwestycyjnych S.A., PKO BP Bankowy Powszechny Towarzystwo Emerytalne S.A., PKO Życie Towarzystwo Ubezpieczeń S.A., PKO Towarzystwo Ubezpieczeń S.A. and PKO BP Finat sp. z o.o.
- Corporate and Investment Segment, which comprises transactions concluded with large corporate customers and financial institutions. The products offered in this segment include current accounts, term deposits, cash management and trade finance services, securities deposit, forex transactions, corporate loans, leasing and factoring services. The Bank also participates, individually or as a part of a larger syndicate, in large loan and bond financings. This segment also covers the Group's own activities, such as own-account investments, brokerage activities, interbank transactions, transactions in derivatives and debt securities. The Corporate and Investment Segment also includes the results of the Group's operations in Ukraine and the Group's activities in providing technological services, real estate development and management as well as investment funds.

- Transfer and Other Activities Centre includes the results of internal settlements related to funds transfer pricing, the result on the Bank's investment portfolio of debt securities, long-term sources of financing, positions classified for hedge accounting, the results of PKO Finance AB as well as results not allocated to any other segment.

The table below shows certain segment information for 2023 and 2022 which is derived from note 16 to the 2023 Consolidated Financial Statements. For a more detailed description of how the segment information has been prepared, see note 16 to the 2023 Consolidated Financial Statements.

2023	Retail segment	Corporate and investment segment	Transfer centre and other	Total operations of the Group
<i>(PLN million)</i>				
Net interest income	15,143	6,348	(3,173)	18,318
Net fee and commission income	3,555	1,124	(53)	4,626
Other net income	1,011	224	(47)	1,188
Net income from insurance business	696	15	-	711
Dividend income	-	14	-	14
Gains/(losses) on financial transactions	40	98	29	167
Foreign exchange gains/ (losses)	116	4	(21)	99
Gains/(losses) on derecognition of financial instruments	25	19	13	57
Net other operating income and expense	114	94	(68)	140
Income/(expenses) relating to internal customers	20	(20)	-	-
Result on business activities	19,709	7,696	(3,273)	24,132
Net allowances for expected credit losses	(993)	(272)	-	(1,265)
Net impairment losses on non-financial assets	(6)	(53)	(49)	(108)
Cost of legal risk of mortgage loans in convertible currencies	(5,430)	-	-	(5,430)
Administrative expenses, of which:	(6,313)	(1,320)	(2)	(7,635)
<i>depreciation and amortization</i>	<i>(938)</i>	<i>(149)</i>	-	<i>(1,087)</i>
<i>net regulatory charges</i>	<i>(444)</i>	<i>(176)</i>	<i>(2)</i>	<i>(622)</i>
Tax on certain financial institutions	(754)	(439)	(38)	(1,231)
Share in profits and losses of associates and joint ventures	-	-	-	99
Segment profit/(loss)	6,213	5,612	(3,362)	8,562
Income tax expense (tax burden)				(3,057)
Net profit (including non-controlling shareholders)				5,505
Profit (loss) attributable to non-controlling shareholders				3
Net profit attributable to equity holders of the parent company				5,502

2022	Retail segment	Corporate and investment segment	Transfer center and other	Total operations of the Group
<i>(PLN million)</i>				
Net interest income	7,711	3,892	(179)	11,424
Net fee and commission income	3,408	1,097	(7)	4,498
Other net income	1,185	483	(381)	1,287
Net income from insurance business	772	7	-	779
Dividend income	-	51	-	51

Gains/(losses) on financial transactions	172	200	(14)	358
Foreign exchange gains/ (losses)	87	196	(356)	(73)
Gains/(losses) on derecognition of financial instruments	(1)	(23)	(2)	(26)
Net other operating income and expense	129	78	(9)	198
Income/(expenses) relating to internal customers	26	(26)	-	-
Result on business activities	12,304	5,472	(567)	17,209
Net allowances for expected credit losses	(959)	(542)	-	(1,501)
Net impairment losses on non-financial assets	(41)	(1)	(21)	(63)
Cost of legal risk of mortgage loans in convertible currencies	(1,914)	-	-	(1,914)
Administrative expenses, of which:	(6,404)	(1,333)	(32)	(7,769)
<i>depreciation and amortization</i>	<i>(880)</i>	<i>(139)</i>	-	<i>(1,019)</i>
<i>net regulatory charges</i>	<i>(1,475)</i>	<i>(380)</i>	<i>(32)</i>	<i>(1,887)</i>
Tax on certain financial institutions	(737)	(382)	(147)	(1,266)
Share in profits and losses of associates and joint ventures	-	-	-	71
Segment profit/(loss)	2,249	3,214	(767)	4,767
Income tax expense (tax burden)				(1,455)
Net profit (including non-controlling shareholders)				3,312
Net profit attributable to equity holders of the parent company				3,312

Retail Segment

The Group's offer for individual clients covers a wide range of credit, deposit and insurance products as well as electronic banking services. Lending products include cash advances, mortgage loans, revolving loans, credit cards and housing loans. Entrepreneurs which are served by the Retail Segment have access to investment and investor loans, revolving loans, leases and factoring. Deposit and investment offer covers regular savings products, term deposits, investment funds managed by PKO TFI and bonds issued by the Polish state. The Retail Segment also covers insurance products, both linked and not linked with the banking products offered by the Group. Insurance products linked with banking products include insurance offered together with consumer loans, mortgage loans, bank accounts and credit cards. Insurance products not linked with banking products are life insurance, real estate insurance, travel insurance, motor insurance, oncological insurance policy and insurance of leased assets.

As at 31 December 2023, the Bank had 11.9 million customers in the Retail Segment, including 11.3 million individuals (18.9 thousand of which are private banking customers) and 0.6 million companies and enterprises. The number of customers in the retail segment increased by 245 thousand as compared to 31 December 2022.

As at 31 December 2023 the aggregate amount of financing granted to the clients in the Retail Segment was PLN 181 billion, a 3.4 per cent. increase as compared to 31 December 2022. The retail segment savings, i.e. bank deposits and state treasury bonds, amount was PLN 469 billion, a 18.8 per cent. increase as compared to 31 December 2022. The Group also maintained 9.3 million active bank accounts as at the end of 2023. In 2023, the Bank distributed to its clients state treasury bonds with an aggregate principal amount of PLN 397 million, and the volume of state treasury bonds held by the Bank's customers issued to the domestic market amounted to PLN 101 billion, a 19.1 billion increase as compared to 2022.

The amount of new housing loans granted to the Retail Segment customers in 2023 was PLN 21.9 billion, which gave the Group a 35.9 per cent. share in the Polish market. The consumer loans portfolio grew by approximately 21.4 per cent.

Corporate and Investment Segment

The Corporate and Investment Segment's offering is targeted at large corporate clients, entities from the public sector and foreign clients. It offers general banking services as well as a variety of lending products, including large syndicated loans and high value debt securities offerings. The Bank's foreign branches enable the Bank's clients to enter selected international markets by offering transactional banking products, international cash pooling, electronic banking, treasury products, trade finance and corporate loans.

As at 31 December 2023 the Bank had 18.5 thousand customers in the Corporate and Investment Segment, including 5.5 thousand customers from the public sector. The public sector customers are local and central government units, court enforcement officers, hospitals, companies controlled by local governments, the Polish social insurance system, the Polish State Forests and related entities.

As at 31 December 2023, the aggregate amount of financing granted to the customers from the Corporate and Investment Segment was PLN 91 billion, a PLN 10.2 billion increase as compared to 31 December 2022. The amount of savings of the customers in the Corporate and Investment Segment as at 31 December 2023 was PLN 73 billion, a PLN 14.7 billion increase compared to 31 December 2022.

Bank's subsidiaries

The Bank's subsidiaries provide a wide range of banking and non-banking services to the clients from both Retail Segment and the Corporate and Investment Segment.

PKO Bank Hipoteczny S.A.

PKO Bank Hipoteczny S.A. (**PKO BH**) is a specialised mortgage bank which grants mortgage loans for housing purposes, purchases receivables under mortgage loans for housing purposes from the Bank and issues covered bonds.

In 2023 PKO BH's net profit was PLN 165.8 million, compared to a net loss of PLN 405.8 million in 2022. As at 31 December 2023 the total gross value of the PKO BH's loan portfolio was PLN 18.0 billion and the outstanding principal amount of the issued covered bonds was PLN 10.4 billion.

PKO Towarzystwo Funduszy Inwestycyjnych S.A.

PKO Towarzystwo Funduszu Inwestycyjnych S.A. (**PKO TFI**) is a fund manager. It manages investment funds, employee pension programmes and employee capital plans. PKO TFI's profit in 2023 was PLN 237.7 million as compared to PLN 189.3 million in 2022. The value of the net assets of funds managed by PKO TFI as at 31 December 2023 was PLN 40.8 billion, a 27.7 per cent. increase as compared to 31 December 2022. According to a report published by "Analizy Online" in January 2024, PKO TFI is the market leader in managed assets of retail customers with a 20.06 per cent. market share and is in the second position in terms of the net asset value with a market share of 12.74 per cent.

PKO BP Bankowy Powszechny Towarzystwo Emerytalne S.A.

PKO BP Bankowy Powszechny Towarzystwo Emerytalne S.A. (**PKO BP PTE**) is a pension fund manager. It manages PKO BP Otwarty Fundusz Emerytalny (**PKO BP OFE**) and PKO Dobrowolny Fundusz Emerytalny. Both funds offer individual retirement accounts and individual retirement

security accounts. PKO BP PTE net profit in 2023 was PLN 24.1 million, compared to a net profit of PLN 24.8 million in 2022.

According to the KNF, as at 31 December 2023 PKO BP OFE had 850 thousand participants, net asset value of PLN 9.5 billion and ranked seventh in terms net asset value and number of participants.

PKO Leasing S.A. Group

PKO Leasing S.A. and its subsidiaries (**PKO Leasing Group**) provide leasing services and loans to finance the acquisition of vehicles, machines, equipment, technological lines, medical equipment and software. In 2023 its net profit was PLN 353.4 million, as compared to PLN 347.2 million in 2022. As at 31 December 2023, the carrying value of the amounts due from the PKO Leasing Group's clients under leases and loans and the carrying value of fixed assets under operating leases was PLN 24.7 billion.

PKO Faktoring S.A.

PKO Faktoring S.A. (**PKO Faktoring**) provides domestic and export factoring services with and without recourse, reverse factoring and factoring programme for suppliers.

As at 31 December 2023, the carrying value of the amounts due from customers was PLN 5.39 billion, as compared to PLN 3.60 billion as at the end of 2022. PKO Faktoring's turnover in 2023 was PLN 31.02 billion, compared to PLN 31.4 billion in 2022. According to the Polish Factors' Association, PKO Faktoring ranked fifth in terms turnover among the members of this association.

PKO Życie Towarzystwo Ubezpieczeń S.A.

PKO Życie Towarzystwo Ubezpieczeń S.A. (**PKO Życie TU**) offers life insurance products, both as individual products and as products linked to other products offered by the Group. PKO Życie TU's net profit in 2023 was PLN 82.9 million, compared to PLN 54.9 million in 2022. In 2023 the PKO Życie TU's gross written premiums were PLN 553 million (in accordance with the Polish Accounting Rules) and it had 1,054 thousand clients.

PKO Towarzystwo Ubezpieczeń S.A.

PKO Towarzystwo Ubezpieczeń S.A. (**PKO TU**) provides non-life insurance products, in particular insurance against loss of income, sickness and accident insurance, property insurance and automotive insurance. PKO TU's profit in 2023 was PLN 107.0 million, compared to PLN 87.0 million in 2022. In 2023 PKO TU's gross written premiums were PLN 678.0 million (in accordance with the Polish Accounting Rules) and PKO TU had 1,474 thousand customers.

Kredobank Group

The Kredobank group (the **Kredobank Group**) consists of Kredobank S.A. (**Kredobank**) and Kredoleasing sp. z o.o. (**Kredoleasing**).

Kredobank is a universal bank providing banking services to retail customers and small and medium enterprises operating in the western part of Ukraine. Kredoleasing provides financial services, including leases, factoring and granting advances. It was created in 2021 and started operations in 2022.

In 2023, the Kredobank Group's net result was UAH 1,241 million (PLN 143 million) compared to UAH 138 million (PLN 18 million) in 2022. The Kredobank Group's gross loan portfolio in 2023 increased by more than 100 per cent. to UAH 14.5 billion (PLN 1,507 million). As at 31 December 2023, the value of the term deposits of the Kredobank Group's customers was UAH 46,460 billion (PLN

4,818 billion), a 41 per cent. increase as compared to 31 December 2022. After the Russian invasion on Ukraine, the Kredobank Group continues in operations, in a manner adopted to wartime conditions.

PKO BP Finat sp. z o.o.

PKO BP Finat sp. z o.o. (**PKO BP Finat**) provides various services to companies from the financial sector, including providing technical solutions, fund transfer agent services, accounting and outsourcing of IT teams, specialists and processes. PKO BP Finat's profit in 2023 was PLN 27.8 million, compared to PLN 29.6 million in 2022.

Distribution Network

The Group distributes its products through a comprehensive distribution network comprising of internet banking services, a call centre, traditional branches and ATMs.

The Group puts a great focus on the internet banking services, accessible both through a web browser and through dedicated mobile apps and promotes it as the primary channel for interacting with the Group. Electronic banking enables the Group's customers to access a wide range of the Group's products and the fees for the services and products purchased through electronic banking are usually lower than the fees paid for services and products offered through other channels. As at 31 December 2023, 10.5 million Bank's customers had access to internet banking and in 2023 the users of the Bank's mobile app logged into it 8.7 billion times.

The call centre employs several hundred consultants and is open for 24 hours a day. The consultants not only respond to telephone calls, but also to emails and requests made through the internet banking and mobile apps.

The branch network covers the whole territory of Poland and its purpose is to provide the Group's clients with convenient access to the Group's products and services. As at 31 December 2023, the Bank's retail network comprised of 911 units, a 23 units decrease as compared to 31 December 2022, including 882 retail branches, 10 regional retail branches, 8 private banking branches and 11 corporate banking branches. The corporate network comprised of 23 regional corporate centres, 7 regional corporate branches and 4 foreign branches. As at 31 December 2023, the Bank also had 3,056 ATMs across Poland. The branches and ATMs are complemented by 286 agents. In 2021 the Bank launched two new types of branches: a cashless branch where all payments and disbursements are made through self-service devices and a "PKO Koncept" branch which is a multi-business outlet providing not only financial services, but also space for business meetings and other ancillary services. In 2023 47 branches were upgraded to new formats and 21 branches were converted to cashless branches, up to a total of 51 cashless branches operated by the Bank.

Capital management

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

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

- a total capital ratio of 8.0 per cent.;
- a Tier 1 capital ratio of 6.0 per cent.; and
- a Tier 1 core capital ratio of 4.5 per cent.

As at 31 December 2023, the minimum capital ratios, taking into account the regulatory requirements and Pillar 2 requirements and capital buffers, were:

	<u>Bank</u>	<u>Group</u>
	<i>(per cent.)</i>	
Total capital ratio	12.54	12.54
Tier 1 capital ratio	10.54	10.54
Tier 1 core capital ratio	9.04	9.04

The Bank uses a standardised approach to calculate the capital requirement for credit risk. The capital requirements for the operational risk of the Bank's operations in Poland, Germany and Czech Republic is calculated under the advanced measurement approach and for the Bank's operations in Slovakia and the operations of the Bank's subsidiaries subject to prudential consolidation, under the basic indicator approach. The capital requirements for the market risks are calculated under the basic approach for the foreign exchange risk and the specific debt instrument risk, under the simplified approach for the commodities risk and the equity instrument risk, under the duration-based approach for the general debt instrument risk, and, for non-delta risks, under the scenario approach for options for which the Bank uses its own valuation models and under the delta plus approach for other options.

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

	<u>31 December</u>	
	<u>2023</u>	<u>2022 (restated)</u>
Total capital ratio	18.65	19.07
Tier 1 capital ratio	17.77	17.94
Tier 1 core capital ratio	17.77	17.94

On 14 November 2023 the BGF informed the Bank of the required minimum level of own funds and eligible liabilities subject to conversion (**MREL**). The MREL requirement for the Group is 15.36 per cent. of the Group's total risk exposure amount and 5.91 of the total exposure measure. As at 31 December 2023 the Group met these requirements.

Borrowings

As at 31 December 2023, the Group had outstanding liabilities, under loans granted to the Group, debt securities issued by the members of the Group and subordinated liabilities, of PLN 21,464 million. The table below gives primary information on the outstanding debt securities issued by the Group as at the date of this Base Prospectus:

<u>Issuer</u>	<u>Status</u>	<u>Currency</u>	<u>Principal amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Listing</u>
Bank	Subordinated	PLN	1,700,000,000	28 August 2017	28 August 2027	Warsaw
Bank	Subordinated	PLN	1,000,000,000	5 March 2018	6 March 2028	Warsaw
Bank	Senior Preferred	EUR	750,000,000	1 February 2023	1 February 2026	Luxembourg, Warsaw
Bank	Senior Preferred	Non- PLN	1,000,000,000	28 February 2024	28 February 2029	The Bank applied for listing in Warsaw
PKO Bank Hipoteczny	Covered Bond	EUR	500,000,000	27 September 2017	27 August 2024	Luxembourg, Warsaw
PKO Bank Hipoteczny	Covered Bond	PLN	698,000,000	27 April 2018	25 April 2024	Warsaw
PKO Bank Hipoteczny	Covered Bond	PLN	500,000,000	27 July 2018	25 July 2025	Warsaw

PKO Bank Hipoteczny	Covered Bond	PLN	60,000,000	24 August 2018	24 August 2028	Warsaw
PKO Bank Hipoteczny	Covered Bond	PLN	230,000,000	26 October 2018	28 April 2025	Warsaw
PKO Bank Hipoteczny	Covered Bond	PLN	245,000,000	10 June 2019	30 September 2024	Warsaw
PKO Bank Hipoteczny	Covered Bond	PLN	250,000,000	2 December 2019	2 December 2024	Warsaw
PKO Bank Hipoteczny	Covered Bond	EUR	500,000,000	4 July 2022	25 June 2025	Luxembourg, Warsaw
PKO Bank Hipoteczny	Covered Bond	PLN	499,000,000	9 February 2023	9 February 2026	Warsaw
PKO Bank Hipoteczny	Covered Bond	PLN	500,000,000	28 June 2023	29 June 2026	Warsaw
PKO Bank Hipoteczny	Covered Bond	PLN	730,000,000	2 November 2023	2 November 2026	Warsaw

Transactions with the State Treasury and related parties

The Group entered into a number of related party transactions, including transactions between members of the Group, transactions with the State Treasury and with entities related to the State Treasury. The tables below show the related party transactions entered into by the Group as at 31 December 2023 and 31 December 2022:

Transactions with the State Treasury			For the year ended 31 December 2023		For the year ended 31 December 2022	
			<i>(PLN million)</i>			
Income recognised on an accrual basis			65		65	
Income recognised on a cash basis			4		12	
Income from temporary redemption by the State Treasury of interest on housing loans in the old portfolio			61		53	
			<i>(in PLN million)</i>			
Significant transactions with the State Treasury related entities	Balance sheet exposure, including exposure to loans and debt instruments		Off-balance sheet exposure		Liabilities in respect of deposits	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Counterparty 1	-	-	3,150	2,453	2,350	2,820
Counterparty 2	16,586	16,097	32	31	112	87
Counterparty 3	761	245	1,065	1,081	140	5
Counterparty 4	1,933	422	2,246	3,807	544	2,087
Counterparty 5	685	833	2,360	2,096	-	6
Counterparty 6	-	118	1,501	1,500	637	275
Counterparty 7	60	1,643	2,070	4,610	1,355	1,088
Counterparty 8	915	751	1,009	557	-	-
Counterparty 9	1,177	608	640	1,320	395	59
Counterparty 10	1,068	841	538	816	-	-
			2023		2022	
			<i>(in PLN million)</i>			
Interest and commission income			594		420	
Interest and commission expense			193		497	

Transactions with associates and joint ventures – 31 December 2023

Company name	Receivables	of which loans	Liabilities	Off-balance sheet liabilities granted
<i>(in PLN million)</i>				

Centrum Elektronicznych Usług Płatniczych eService sp. z o.o.	79	13	138	64
"Centrum Obsługi Biznesu" sp. z o.o.	11	11	5	-
Bank Pocztowy S.A.	-	-	-	1
"Poznański Fundusz Poręczeń Kredytowych" sp. z o.o.	-	-	1	-
Operator Chmury Krajowej sp. z o.o.	-	-	34	428
System Ochrony Banków Komercyjnych S.A.	-	-	-	-
Total joint ventures and associates	90	24	178	493

Transactions with associates and joint ventures – for the period ended 31 December 2023

<u>Company name</u>	<u>Total income</u>	<u>of which interest and commission expense</u>	<u>Total expenses</u>	<u>of which interest and commission expense</u>
			<i>(in PLN million)</i>	
Centrum Elektronicznych Usług Płatniczych eService sp. z o.o.	897	838	192	192
"Centrum Obsługi Biznesu" sp. z o.o.	2	2	-	-
Operator Chmury Krajowej sp. z o.o.	1	1	45	-
Total joint ventures and associates	900	841	237	192

Transactions with associates and joint ventures – 31 December 2022

<u>Company name</u>	<u>Receivables</u>	<u>of which loans</u>	<u>Liabilities</u>	<u>Off-balance sheet liabilities granted</u>
			<i>(in PLN million)</i>	
Centrum Elektronicznych Usług Płatniczych eService sp. z o.o.	64	-	206	63
"Centrum Obsługi Biznesu" sp. z o.o.	11	10	2	-
Bank Pocztowy S.A.	-	-	-	1
Operator Chmury Krajowej sp. z o.o.	-	-	31	917
Total joint ventures and associates	75	10	239	981

Transactions with associates and joint ventures – for the period ended 31 December 2022

<u>Company name</u>	<u>Total income</u>	<u>of which interest and commission expense</u>	<u>Total expenses</u>	<u>of which interest and commission expense</u>
			<i>(in PLN million)</i>	
Centrum Elektronicznych Usług Płatniczych eService sp. z o.o.	850	783	198	198
"Centrum Obsługi Biznesu" sp. z o.o.	1	1	1	1
Operator Chmury Krajowej sp. z o.o.	-	-	29	-

System Ochrony Banków Komercyjnych S.A.	-	-	956	-
Total joint ventures and associates	851	784	1,184	199

Risk management

Risk management is one of the most important internal processes in both the Bank and other entities of the Group. It is aimed at ensuring (in the changing environment) the profitability of business activities while ensuring an appropriate level of control and keeping the risk level within the risk tolerances and limits system adopted by the Bank and the Group, in a changing macroeconomic environment. The level of risk is an important part of the planning processes.

Risk management objective

The objective of the risk management is to strive to maintain the level of risk within the accepted tolerances in order to:

- protect shareholder value;
- protect customer deposits;
- support the Group in conducting efficient operations;
- provide the decision-makers with the fullest possible information on risk; and
- improve the risk management processes and effectively establish a risk management and awareness culture within the Group.

Main principles of risk management

The Group's risk management is based, in particular, on the following principles:

- the risk management covers all the risks identified;
- the risk management process is appropriate from the perspective of the scale of operations and materiality, scale and complexity of a given risk, and adjusted on an on-going basis to take account of the new risks and their sources;
- the risk management methods (especially models and their assumptions) and risk measurement or assessment systems are tailored to the scale and complexity of individual risks, the current and planned operations of the Group and its operating environment, and are periodically verified and validated;
- the ESG risk is managed as part of the management of other risks. Due to its specific nature, the ESG risk affects all individual risks that might occur at the Bank risk. The ESG risk management takes into account the effect of ESG factors on the Bank's operations, its financial result and development and the effect of the Bank's operations on the society and the environment;
- the area of risk management remains organizationally independent of business activities;
- risk management is integrated into the planning and controlling systems;
- the level of risk, including ESG risk, is monitored and controlled on an on-going basis; and

- the risk management process supports the implementation of the Bank's strategy in compliance with the Risk Management Strategy, in particular with respect to the level of risk tolerance.

Risk management process

The process of risk management in the Group consists of the following stages:

Risk identification: risk identification consists of recognizing the existing and potential sources of risk and estimating the significance of its potential impact on the Bank's and the Group's operations. As part of risk identification, the Group entities identify the risks considered to be material in the Bank's or the Group's operations.

Risk measurement and assessment: risk measurement and assessment are aimed at determining the scale of threats connected with the risks arising. Risk measurement covers determining the risk assessment measures adequate to the type and significance of the risk, and data availability. Quantitative and qualitative risk measurement results are the basis for the risk assessment aimed at identifying the scale or scope of risk.

As part of risk measurement, the Group carries out:

- specific stress tests which are conducted separately for individual risk types and are used to assess sensitivity of a given risk to unfavourable market conditions,
- comprehensive stress tests conducted jointly for the concentration risk and risks regarded as material, used to determine sensitivity of the capital adequacy measures and Bank's results to the occurrence of a negative scenario of changes in the environment and the functioning of the Group.

The stress-tests are conducted by the Group based on assumptions which ensure a sound assessment of the risk, in particular taking into account the recommendations of the KNF.

Risk control: risk control involves the determination of risk control mechanisms adjusted to the scale and complexity of the Group's activities, especially in the form of strategic tolerance limits for the individual types of risk. Strategic risk tolerance limits are subject to regular monitoring, and if they are exceeded, the Bank's Group takes management actions.

Risk forecasting and monitoring: risk forecasting involves foreseeing future risk levels, taking into account the assumed business development projections, and internal and external events. Risk level forecasts are assessed by the Bank and the Group ("reverse stress tests") in order to verify their accuracy.

Risk monitoring involves observing deviations from the forecasts or the adopted benchmarks (e.g. limits, thresholds, plans, prior period measurements, recommendations and instructions issued by external supervisory and regulatory authority). Risk monitoring and forecasting frequency is adequate to the materiality and variability of specific risks.

Risk reporting: risk reporting consists of informing about the results of the risk identification, measurement, assessment and forecasting, causes of changes in the risks, actions taken and recommended. The scope, frequency and form of the reporting are adjusted to the managerial level of the recipients. If potential liquidity problems arise, the Supervisory Board is immediately informed about significant changes in the risk level, and in particular, about threats and remedial actions taken, and of their impact on the Bank's liquidity level.

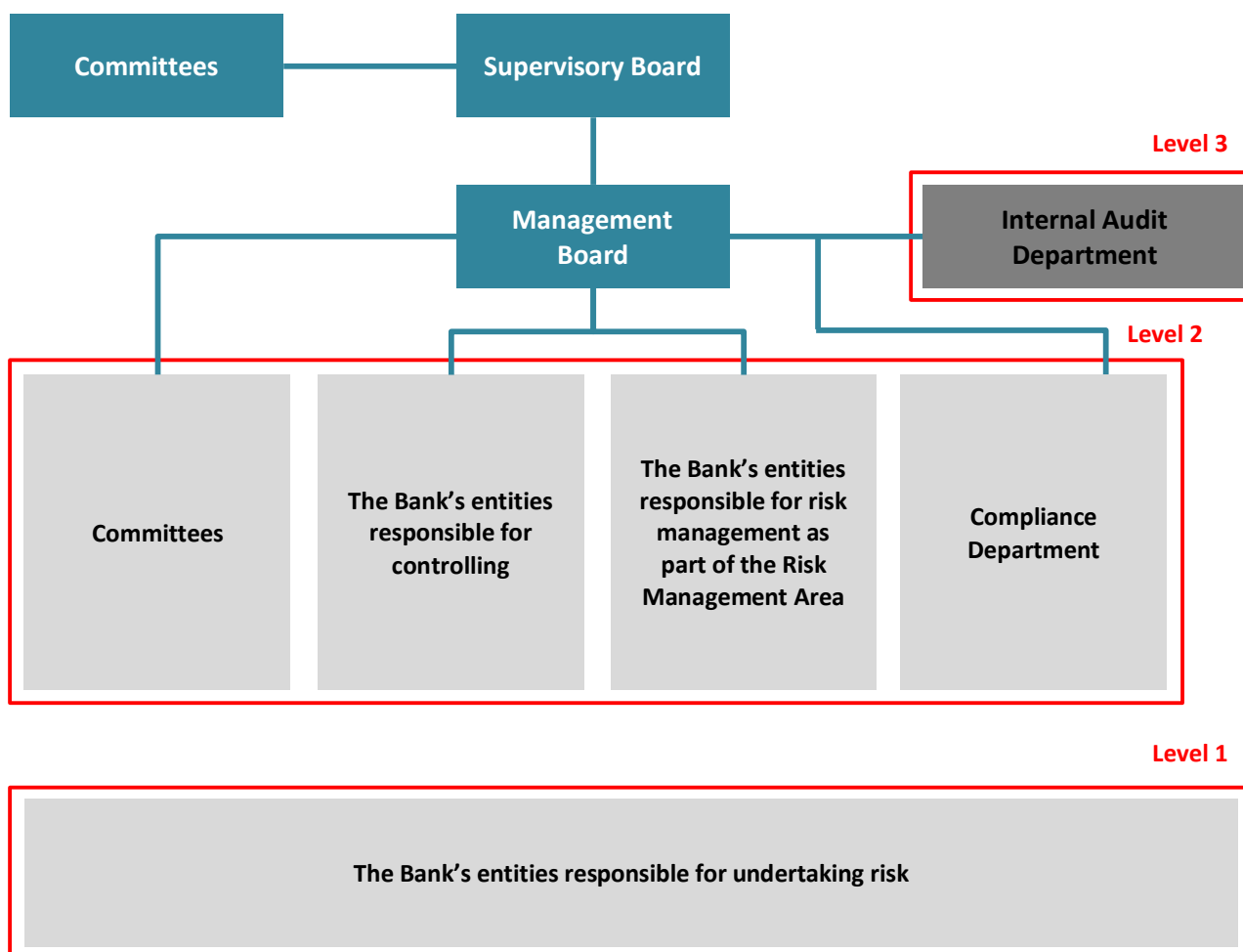
Management actions: management actions consist of determining the desired risk level favourable for building the structure of assets and liabilities. Management actions may result, in particular, in:

- acceptance of the risk – determining the acceptable risk level, taking into account business needs and developing management actions in the case the level is exceeded;
- reduction of the risk – mitigation of the impact of the risk factors or effects of its materialization (e.g. by reducing or diversifying the risk exposure, determining limits, utilizing collaterals);
- transfer of the risk – transferring responsibility for covering potential losses (e.g. by transferring the risk to another entity with the use of legal instruments, such as insurance contracts, security services agreements for a building, accepting guarantees);
- avoidance of risk - resignation from the risk-generating activity or eliminating the possibility of the risk occurring, including, in particular, by a determination of zero tolerance to risk.

Organisation of risk management within the Group

The Bank supervises the functioning of individual entities in the Group. As part of its supervisory role, the Bank monitors their risk management systems and supports their development. In addition, the Bank takes into account the level of risk in particular Group companies for the purpose of the risk monitoring and reporting system at Group level. Risk management in the Bank takes place in all of the organizational units of the Bank.

The organisation of risk management in Bank is presented in the diagram below:



The Supervisory Board supervises and evaluates the risk management process, in particular, on the basis of regular reports on the risk, taking into account the adequacy and effectiveness of the risk management system and information about the implementation of the risk management strategy, also at the level of limits which limit the risk and conclusion from stress tests, and if necessary, orders the verification of the process.

The Supervisory Board is supported by the following committees: the Supervisory Board Committee for Nominations and Remuneration, the Supervisory Board Risk Committee and the Supervisory Board Audit Committee.

In respect of risk management, the Bank's Management Board is responsible for strategic risk management, including supervising and monitoring actions taken by the Bank in respect of risk management. The Management Board makes major decisions affecting the risk profile of the Bank and adopts internal regulations concerning risk management. It ensures operation of the risk management system, monitors and assesses its functioning, and transfers the respective information to the Supervisory Board. In its risk management activities, the Management Board is supported by the following committees:

- the Risk Committee;
- the Asset and Liability Committee (ALCO);
- the Bank's Credit Committee;
- the Operational Risk Committee; and
- the Sustainable Development Committee.

The risk management process is carried out in three independent but complementary levels:

The first level is formed of organisational structures responsible for product management, selling products and servicing customers, and of other structures which perform operational tasks that generate risk, which function based on internal regulations. This function is performed by all of the Bank's and the Group's entities. The Bank's entities implement appropriate risk controls, including in particular limits, designed by them and located at the second level. They also ensure that they are met by means of appropriate controls. At the same time, the Group entities and the Bank are obliged to have comparable and consistent systems for the risk assessment and control, taking into account the specific characteristics of each entity and its market.

The second level covers compliance units and involves the identification, measurement, evaluation and/or control, monitoring and reporting of significant types of risks, and of the threats and identified irregularities. These tasks are performed by dedicated organisational structures acting on the basis of the applicable internal regulations of the Bank. The objective of these structures is to ensure that the tasks performed as part of the first level are properly governed in the internal regulations of the Bank and that they effectively limit the risk, support risk measurement, assessment and analysis and contribute to operational effectiveness. The function is performed, in particular by the Risk Management Area, the Compliance Department and relevant committees. The second level supports actions taken to eliminate unfavourable deviations from the financial plan, with respect to the amounts impacting the quantitative strategic risk tolerance limits specified in the financial plan. These tasks are performed in particular in the entities of the Bank responsible for controlling.

The third level consists of the internal audit function which performs independent audits of individual components of the Bank's management system, including the risk management system, and the internal control system; the internal audit operates independently of the first and second levels and may support

their actions by way of consultation, but without the possibility to impact their decisions. The function is performed in accordance with the Bank's internal regulations concerning the operation of the internal control system.

The independence of the lines is ensured by organisational separation at the following levels:

- the function of the second level with regard to creating system solutions is independent of the function of the first level; and
- the function of the third level is independent of the functions of the first and second levels.

Risk management within the Group

The Bank, as the parent company of the Group, determines the key risk management principles applied in the Group, supervises the implementation of the risk management principles resulting from the risk management strategy, taking into account the adequacy of these principles to the activities of the Group entities, and exercises control over the risk in the Group with respect to significant types of risk. Members of the Group create and update internal regulations concerning the management of specific risks, upon consultation with the Bank and taking into account recommendations issued by the Bank and the Risk Management Strategy.

The risk management function in the Group entities is executed, in particular, by:

- participation of the units from the Bank's Risk Management Area or of the relevant committees of the Bank in consulting large transactions in the Group entities;
- the assessments and reviews of the internal regulations concerning risk management in individual Group entities by the Bank's units from Risk Management Area and the Compliance Department;
- reporting of the Group risks to the relevant committees of the Bank or to the Bank's Management Board; and
- monitoring the strategic limits of risk tolerance for the Group.

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.

Before granting a loan, the Bank conducts a comprehensive credit risk assessment, the result of which is expressed in an internal rating or scoring. The credit risk of loan transactions is measured at the moment of examining the loan application and periodically as part of monitoring, taking into account changing conditions and the financial situations of borrowers. Credit risk is assessed by analysts from independent business units of Risk Management Area and it is diversified in terms of geographical areas, sectors of the economy, types of products and customers.

The decision to grant a loan can only be made by persons or bodies authorised by the Bank. The terms of a loan offered to the Bank's client depend on the level of credit risk generated by such transaction. Decisions to grant loans are made by one or two persons, depending on the loan's value and risk level. Low-risk and low-value transactions are those involving granting charge cards or credit cards secured with a deposit on the Bank's account. For loan transactions of higher risk and volume, decisions are made by two Bank representatives - a corporate business representative and a risk representative. Loans

exceeding PLN 100 million are approved by the Bank's credit committee and loans exceeding PLN 500 million are approved by the Bank's Management Board.

Loan collateral

The Bank's loan collateral policy is established to secure the credit risk to which the Bank is exposed and includes the establishment of collateral ensuring the highest possible level of return in the event of debt collection. The scope and value of the required collateral depend on the type of client and the type of loan. Collateral for loans intended to finance a business client can be established on receivables, bank accounts, movables, real estate or securities.

When accepting collateral for loans, the Bank prefers to accept collateral for which a sale is possible without a significant reduction in its price over time and which does not expose the Bank to a change in the value of the collateral due to a price change. If the Bank accepts collateral over fixed assets, additional security shall be the transfer of a monetary claim under the insurance contract for the subject of this security, or an insurance contract issued for the benefit of the Bank.

A condition for the disbursement of funds under a loan is the perfection of collateral or the submission of an application for the registration of such collateral. Established collateral is subject to periodic monitoring by the Bank to determine the current value of such collateral.

Non-performing loans

The table below shows the quality of the Bank's credit portfolio as at 31 December 2023 and 31 December 2022. 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 (excluding adjustment relating to fair value hedge accounting) - 2023

	Stage 1	Stage 2	Stage 3	Total	of which POCI
	<i>(PLN million)</i>				
Measurement method: at amortized cost					
Gross carrying amount	203,569	40,623	8,921	253,113	324
housing loans	99,843	13,373	1,667	114,883	84
business loans	59,458	17,654	3,666	80,778	158
consumer loans	26,079	3,576	2,452	32,107	79
factoring receivables	5,302	26	88	5,416	-
finance lease receivables	12,887	5,994	1,048	19,929	3
Allowances for expected credit losses	(1,072)	(3,824)	(5,310)	(10,206)	50
housing loans	(95)	(1,108)	(1,167)	(2,370)	(5)
business loans	(450)	(1,735)	(2,159)	(4,344)	1
consumer loans	(443)	(744)	(1,446)	(2,633)	55
factoring receivables	(1)	-	(29)	(30)	-
finance lease receivables	(83)	(237)	(509)	(829)	(1)
Net carrying amount	202,497	36,799	3,611	242,907	374
housing loans	99,748	12,265	500	112,513	79
business loans	59,008	15,919	1,507	76,434	159
consumer loans	25,636	2,832	1,006	29,474	134
factoring receivables	5,301	26	59	5,386	-
finance lease receivables	12,804	5,757	539	19,100	2
Loans and advances to customers, total					
Gross carrying amount	203,569	40,623	8,921	253,113	324
Allowances for expected credit losses	(1,072)	(3,824)	(5,310)	(10,206)	50
Net carrying amount	202,497	36,799	3,611	242,907	374

Loans and advances to customers (excluding adjustment relating to fair value hedge accounting) - 2022

	Stage 1	Stage 2	Stage 3	Total	of which POCI
	<i>(PLN million)</i>				
Measurement method: measured at fair value through other comprehensive income					
Gross carrying amount	-	-	1	1	-
consumer loans	-	-	1	1	-
Allowances for expected credit losses	-	-	(1)	(1)	-
consumer loans	-	-	(1)	(1)	-
Net carrying amount	-	-	-	-	-
consumer loans	-	-	-	-	-
Measurement method: at amortized cost					
Gross carrying amount	196,240	33,964	8,920	239,124	213
housing loans	98,541	11,033	1,860	111,434	94
business loans	57,136	14,283	4,118	75,537	58
consumer loans	24,447	3,231	1,895	29,573	57
factoring receivables	3,562	19	38	3,619	-
finance lease receivables	12,554	5,398	1,009	18,961	4
Allowances for expected credit losses	(959)	(3,287)	(5,501)	(9,747)	16
housing loans	(118)	(837)	(1,342)	(2,297)	(14)
business loans	(398)	(1,586)	(2,450)	(4,434)	(3)
consumer loans	(356)	(654)	(1,181)	(2,191)	34
factoring receivables	(6)	-	(22)	(28)	-
finance lease receivables	(81)	(210)	(506)	(797)	(1)
Net carrying amount	195,281	30,677	3,419	229,377	229
housing loans	98,423	10,196	518	109,137	80
business loans	56,738	12,697	1,668	71,103	55
consumer loans	24,091	2,577	714	27,382	91
factoring receivables	3,556	19	16	3,591	-
finance lease receivables	12,473	5,188	503	18,164	3
Loans and advances to customers, total					
Gross carrying amount	196,240	33,964	8,921	239,125	213
Allowances for expected credit losses	(959)	(3,287)	(5,502)	(9,748)	16
Net carrying amount	195,281	30,677	3,419	229,377	229

Shareholders

Overview

As at the date of this Base Prospectus, the Bank's share capital is divided into 1,250,000,000 shares with a nominal value of PLN 1 each. Each share gives its holder the right to one vote at the Bank's General Meeting. None of the Bank's shareholders is authorised to have more than 10 per cent. of voting rights at the Bank's General Meeting. This limit does not apply to the Bank's shareholders who, at the time this limit was introduced, held more than 10 per cent. of voting rights at the Bank's general meeting, holders of the series A registered shares and the shareholders acting together with the holders of the series A registered shares under an agreement concerning exercising voting rights.

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.

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>
State Treasury	367,918,980	29.43
Nationale-Nederlanden Otwarty Fundusz Emerytalny	115,594,152	9.25
Group of pension funds Allianz Polska Otwarty Fundusz Emerytalny ¹	101,787,594	8.14
Other shareholders ²	664,699,274	53.18
Total	1,250,000,000	100

1 Calculation of shareholdings as at the end of the year published by fund manager in bi-annual and annual information about the structure of fund assets and quotation from the WSE Statistic Bulletin

2 Including Bank Gospodarstwa Krajowego, the Polish state development bank, which as at 31 December 2023 held 24 487 297 shares carrying 1.96 per cent. of the votes at the General Meeting.

State Treasury's control over the Bank

Nature of control

The State Treasury has control over the Bank. As at the date of this Base Prospectus, the State Treasury holds 29.43 per cent. of shares in the Bank's share capital and 29.43 per cent. of voting rights at the Bank's General Meeting. Under the Bank's articles of association none of the Bank's shareholders may exercise more 10 per cent. of voting rights at the Bank's General Meetings. This restriction does not apply to the Bank's shareholders who, at the date of introducing this restriction, held shares entitling them to more than 10 per cent. of voting rights at the Bank's General Meeting, holders of the Bank's A series registered shares or holders who entered into an arrangement concerning exercising voting rights with the holders of the Bank's A series registered shares. Therefore, the State Treasury is exempt from the restriction on exercising voting rights. As a holder of the majority of voting rights at the Bank's General Meeting, the State Treasury 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) appointment and dismissal of members of the Supervisory Board; (b) establishing and winding-up special purpose funds from the Bank's net profit; (c) issue of warrants, convertible bonds and bonds participating in profits; (d) the determination of remuneration rules for Supervisory Board members and Management Board Members; (e) distribution of profits and covering losses; (f) amendments to the Bank's statutes; (g) increases and decreases in the share capital of the Bank; and (h) the Bank's liquidation, merger, demerger or transformation. Since Management Board members are appointed and dismissed by the Supervisory Board, the State Treasury, by having a decisive influence on the composition of the Supervisory Board, can also directly influence the composition of the Management Board.

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 21 June 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 by allocating PLN 1,629,138,013.50, ie a half of the Bank's net profit for that period, to the reserve capital for payment of dividend, including interim dividend, to the Bank's shareholders.

On 19 December 2023 the Management Board of the Bank decided to pay out an interim dividend for the year 2023 and to allocate PLN 1,600,000,000 to that payment. On the same day the Supervisory Board approved the payment. The interim dividend was paid on 1 February 2024

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 2023, the value of all court cases in which the Group was involved was PLN 17,629 million. This includes PLN 4,519 million claimed by the Group and PLN 13,110 million in claims against the Group. As at 31 December 2023, the value of provisions for legal claims (understood as the sum of provisions for legal claims including legal claims against the Bank relating to mortgage loans convertible currencies) was PLN 3,115 million and the value of accumulated cost of legal risk associated with the CHF Mortgage Loans, which reduced the carrying amount of the CHF Mortgage Loans was PLN 8,306 million.

Disputes relating to mortgage loans in foreign currencies

As at 31 December 2023, there were 30,498 lawsuits pending against the Group over loans indexed to, or denominated in, a foreign currency, with the disputed amount totalling PLN 11,948 million. This included a class action against the Bank in respect of 72 loan agreements. As at 31 December 2023, the Group estimated the total cumulative impact of legal risk associated with loans indexed to, or denominated in, a foreign currency in the Group to be PLN 11,307 million.

The claimants mostly demand their loan agreements to be declared invalid or request return of the sums paid to the Bank under the loan agreement. The claimants allege that the loan agreements contained abusive clauses which infringed their interests as consumers or clauses that were in breach of Polish law. None of the clauses implemented by the Bank in its loan agreements has been recognised as abusive and entered in the register of abusive clauses maintained by the OCCP. The number of lawsuits filed by customers against the Bank is significantly influenced by the intensive advertising of law firms which specialise in representing borrowers in disputes against banks.

The Group regularly monitors the status of court rulings in cases indexed or denominated in foreign currencies with regard to the developments and changes in the courts' approach to these disputes..

As at 31 December 2023, 2,696 final rulings have been issued by the courts in cases against the Bank. 138 of these rulings are favourable for the Bank.

Disputes relating to loans with interest rates based on WIBOR

An increase in the reference rates led to an increase of WIBOR, a benchmark which is the basis for determining the interest rate for the majority of floating rate loans denominated in PLN. Certain borrowers under such loans 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 at 31 December 2023 there were 147 pending court proceedings against the Group in which the Group's customers challenge their mortgage loan agreements for floating rate loans denominated in PLN. 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.

Disputes relating to the "free loan" sanction

The Polish consumer protection laws set out a list of information that must be indicated in loan agreement under which a bank grants a loan to a consumer. This information includes the principal parameters of the loan, interest and fees associated with the loan or the terms on which the loan may be prepaid. If the bank did not include the required information in the loan agreement, the borrower may repay the loan without any interest or fees, so called "free loan" sanction. Certain borrowers under consumer loans or professional entities which acquired claims under the loans from the original borrowers attempt to challenge the loans in courts by claiming that they did not meet the criteria prescribed by Polish consumer protection laws. As at 31 December 2023, there were 1,159 court proceedings pending against the Group relating to the "free loan" sanction, with a total value of PLN 20.7 million. Up to the date of this Base Prospectus, most of the judgments issued in these cases were in favour of the Bank.

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. All Management Board members must hold a degree and have skills and experience relevant to their role at the Bank. The President and the member of the Management Board responsible for risk management, 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 the day-to-day management of the Bank, representing the Bank in relationships with third parties and other matters not restricted to the Supervisory Board or the General Meeting.

The members of the Management Board are set out below:

Name	Position
Szymon Midera	Member of the Supervisory Board delegated to temporarily perform duties of the Vice President of the Management Board managing the work of the Management Board
Maciej Cieślukowski	Member of the Supervisory Board delegated to temporarily perform duties of the Vice President of the Management Board in charge of the Finance and Accounting, Corporate and Enterprise Banking, Operations and International Banking Area
Marek Radzikowski	Member of the Supervisory Board delegated to temporarily perform duties of the Vice President of the Management Board in charge of the Retail and Business Banking, Administration and IT Area
Piotr Mazur	Vice-president of the Management Board

Szymon Midera

Szymon Midera graduated from the International Economic and Political Relations at the University of Lodz and the Advanced Management Programme at INSEAD in Fontainebleau. He also completed the Executive MBA Programme at the Faculty of Management of University of Łódź, organised in partnership with Towson University and Robert H. Smith School of Business.

Since 2016, he has been the founder, co-owner and CEO of Shumee S.A., an e-commerce platform. He was also a member of supervisory boards of several companies and has significant experience in the area of professional corporate governance standards.

Until June 2016, he served as President and Vice-President of the Management Board of Bank Pocztowy. Previously, for seven years, he was associated with mBank, where he managed, among other things, the areas of marketing, online sales and business development. He is the Chairman of the Entrepreneurship Council at the University of Łódź on a voluntary basis.

Maciej Cieślukowski

Maciej Cieślukowski holds of a post-doctoral degree in economics in the field of finance and is a professor at the Poznań University of Economics and Business. He is a member of the Management Board of the Polish Economic Society (Poznań Branch). He graduated from the Poznań Academy of Economics, majoring in Finance and Banking. From 2016 to 2020, he was the Head of the Department of Public Finance at the Poznań University of Economics and Business.

His area of research is finance, in particular public finances, EU finances, tax systems, corporate and bank taxation and finance in sustainable development economics. He is the author of more than 60 scientific publications and a lecturer at many foreign universities.

For several years, he has cooperated with selected Marshal's Offices and the National Centre for Research and Development as an expert evaluating applications for EU funding. He has experience in the preparation and implementation of scientific and investment projects in cooperation with companies and public sector entities. He is an author of expert opinions for the Senate of the Republic of Poland.

Marek Radzikowski

Marek Radzikowski is a doctor of economics, the head of the Economic Growth Research Department of the Warsaw School of Economics, a lecturer on data science subjects and the author of many economic publications, including two books.

He completed his master's degree with distinction at the Warsaw School of Economics, majoring in finance and banking, and then completed MBA studies as part of The Community of European Management Schools (CEMS) program. He also studied at the Department of Economics of the Massachusetts Institute of Technology (MIT) in Cambridge and at the Erasmus University Rotterdam School of Management. He is a scholarship holder of Fulbright, the Socrates-Erasmus program, the Minister of National Education, Dr. Irena Eris, and a winner of awards and distinctions of among others, President's of Warsaw, Top Ten, PwC and Europrimus.

He started his professional career as a leader of projects improving management processes in international corporations, and later as a senior economist and secretary of the Macroeconomic Council at the National Bank of Poland. He co-founded the Civic Development Forum (FOR) as deputy director of the analytical department and deputy chief economist, and then worked as head of the cabinet (head of advisors) of the Minister of Finance. He was also an advisor to the management board of the Polish Bank Association, a President of the Warsaw Banking Institute, and in recent years he worked as Vice President at J.P. Morgan.

He is a member of the Society of Polish Economists and an expert at the Institute of Public Finance.

Piotr Mazur

Piotr Mazur graduated from the University of Economics in Wrocław and majored in Organization and Management. He has over thirty years of experience in banking, mainly in the areas of risk, restructuring, loans, and in international financial groups operating in Europe, USA and South America. He gained experience as a member of supervisory boards, boards of creditors, member and chairperson of key risk management committees. He participated in creating the strategy of Bank Zachodni WBK S.A. where he held a position of a deputy chief risk officer and a chief credit officer. Piotr Mazur was a chairperson of the BZ WBK Credit Committee, a deputy chairperson of the credit risk forum and a deputy chairperson of the risk models forum. He is a member of the supervisory board of Biuro Informacji Kredytowej S.A.

The business address of all Management Board members is ul. Puławska 15, 02-515 Warsaw, Poland.

The Member of the Supervisory Board delegated to temporarily perform duties of the Vice President of the Management Board managing the work of the Management Board, Szymon Midera, owns 25 per cent of shares of Shumee S.A. and 25 per cent of shares of Greatstore sp. z o.o. Both of these companies are clients of the Group, however the respective agreements were concluded before Szymon Midera has been delegated to temporarily perform duties of the Vice President of the Management Board. This means that there is a risk of a potential conflict of interest if decisions regarding cooperation between any of these companies and the Bank are the subject of the Management Board's decisions. Any potential conflict of interest is appropriately managed by the Bank in accordance with its internal regulations. Except for this potential conflict of interest, no other 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 State Treasury appoints the Chairperson of the Supervisory Board and the Deputy Chairperson of the Management Board from the members appointed by the General Meeting. The Management Board must notify the KNF of the composition of the Supervisory Board.

The Supervisory Board holds its meetings at least once each calendar quarter. Passing a Supervisory Board resolution requires a majority of votes and, if there is an even number of votes, the Chairperson 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
Katarzyna Zimnicka-Jankowska	Chairperson of the Supervisory Board
Paweł Waniowski	Deputy Chairperson of the Supervisory Board
Marek Panfil	Secretary of the Supervisory Board
Maciej Cieślukowski	Member of the Supervisory Board
Andrzej Kisielewicz	Member of the Supervisory Board
Hanna Kuzińska	Member of the Supervisory Board
Szymon Midera	Member of the Supervisory Board
Andrzej Oślizło	Member of the Supervisory Board

Marek Radzikowski
Agnieszka Winnik-Kalemba

Member of the Supervisory Board
Member of the Supervisory Board

Katarzyna Zimnicka-Jankowska

Katarzyna Zimnicka-Jankowska is a graduate of the Faculty of Organisation and Management of the Lodz University of Technology. She also holds a Chartered Financial Analyst (CFA) certificate.

She is an independent member of the Supervisory Board and the Audit Committee at cyber_Folks S.A., a WSE-listed company. Previously, she served on the supervisory boards of companies such as IDS-BUD S.A., DiM Construction sp. z o.o. i Piastowskie Przedsiębiorstwo Usług Komunalnych sp. z o.o.

Since 2012, she has run her own business, providing strategic and financial advisory services, including advice on mergers and acquisitions, finance raising, valuation and analysis of effectiveness of investment projects. Between 2010 and 2012, she was a Member of the Management Board of PKP Intercity S.A., where her responsibilities included among others the creation and implementation of strategy as well as the planning and implementation of key investment processes. Prior to that, she was an director in corporate finance consulting companies, such as KPMG or Pekao Access.

She is an independent member of the Supervisory Board.

Paweł Waniowski

Paweł Waniowski is a professor at the Faculty of Management of the Wrocław University of Economics, habilitated doctor of economic sciences in the discipline of management science. Currently, he is the head of the Department of Marketing Research. His scientific interests focus on marketing, public relations, price management and customer communication. In addition to working at the Wrocław University of Economics, he also lectured at other universities, conducted training or was a consultant and expert for various public institutions (including the National Labour Inspectorate and the Provincial Police Headquarters in Wrocław) and enterprises in the field of marketing strategies, marketing research and the process of creating image. He conducted various research and educational projects, was the originator and director of postgraduate studies and a lecturer at MBA studies. He participated in over 100 scientific conferences, chairman and participant of numerous scientific and science popularization sessions. He is an appraiser of the Ministry of National Education in the field of giving opinions on teaching programs and expert of the National Science Centre.

He is an author or co-author of approximately 120 scientific and popular science publications, including 12 books, a supervisor of over 650 master's and diploma theses and numerous studies, expert opinions and reviews.

He is an independent member of the Supervisory Board.

Marek Panfil

Marek Panfil is a graduate of the Warsaw School of Economics and a senior lecturer in the Department of Finance at Kozminski University.

He is an experienced expert in the valuation of enterprises and intangible assets. He is also a strategic advisor in the field of building company value for shareholders. He is an author or co-author of 11 books and 45 articles in the area of corporate finance and valuation.

He gained over 25 years of professional experience in Canada (KGHM International - as an Internal Audit Manager and in EY as a manager in Transaction Advisory Service Valuation and Business Modeling), in Poland in consulting companies and as an independent member of supervisory boards in

KGHM Polska Miedź S.A., Interferie S.A., NDM S.A., and also as a lecturer, mentor, and head of postgraduate studies in the field of business valuation.

For many years, he has been training managers during postgraduate studies, currently at the Kozminski University, and previously also at the Warsaw School of Economics. He cooperates as an instructor with the EY Academy of Business and the French Economic Institute, conducting training in financial liquidity management and working capital, business valuation, assessment of profitability of investment projects.

He is a member of the Management Board of the Polish Association of Certified Business Valuators in Poland.

He is an independent member of the Supervisory Board.

Andrzej Kisielewicz

Andrzej Kisielewicz graduated from the University of Wrocław. He obtained his doctoral degree and was awarded a PhD in mathematics from the Polish Academy of Sciences. He works at the Wrocław University of Technology as a professor of mathematics.

He gained his professional experience in various academic centres, including the Vanderbilt University in Nashville, USA, the Polish Academy of Sciences, the Technische University in Darmstadt, Germany, the University of Manitoba in Winnipeg, Canada, the Blaise Pascal University in Clermont-Ferrand, France. He gained experience as a member of supervisory boards and is the chair of a supervisory board of KGHM Polska Miedź S.A.

He is an independent member of the Supervisory Board.

Hanna Kuzińska

Hanna Kuzińska completed a Master's programme at the Faculty of Economics and Sociology of the University of Lodz, majoring in trade economics. From 1974 to 1982 she worked in the trade, construction, IT and tourism sectors.

She started her academic work in 1982 at the Institute of Finance, where she received a PhD in finance. She earned a post-doctoral degree in economic sciences in 2007, after defending her thesis "The role of indirect taxes in Poland" at the Faculty of Economic Sciences of the University of Warsaw.

She has been employed at the Department of Finance of Kozminski University since 1997, and since 2007 she worked there as an associate professor. From 2006 to 2007 she also worked at the Faculty of Management of the University of Warsaw, and from 2007 to 2009, at the School of Banking and Finance in Bielsko-Biała. She worked as an expert at the Research and Survey Office of the Chancellery of Sejm and at the Chancellery of Senate. From 2006 to 2007, she was a vice-president of an interbank company: System Pozagieldowego Obrotu Instrumentami Finansowymi. From 2002 to 2005, she was an Undersecretary of State at the Ministry of National Education and Sport. From 2008 to 2011, she was an advisor to the Minister of National Defence.

She is the author of numerous academic publications in the field of finance and economics.

She is an independent Member of the Supervisory Board.

Szymon Midera

Szymon Midera graduated from the International Economic and Political Relations at the University of Lodz and the Advanced Management Programme at INSEAD in Fontainebleau. He also completed the Executive MBA Programme at the Faculty of Management of University of Łódź, organised in partnership with Towson University and Robert H. Smith School of Business.

Since 2016, he has been the founder, co-owner and CEO of Shumee S.A., an e-commerce platform. He was also a member of supervisory boards of several companies and has significant experience in the area of professional corporate governance standards.

Until June 2016, he served as President and Vice-President of the Management Board of Bank Pocztowy. Previously, for seven years, he was associated with mBank, where he managed, among other things, the areas of marketing, online sales and business development. He is the Chairman of the Entrepreneurship Council at the University of Łódź on a voluntary basis.

He is an independent member of the Supervisory Board.

Andrzej Oślizło

Andrzej Oślizło is a graduate of the University of Economics in Katowice (majoring in Economics) and the Silesian University of Technology in Gliwice (majoring in Computer Science). He also completed MBA studies at the European University in Montreux, Switzerland.

For over 25 years, he has been managing business ventures in Poland and on the foreign markets. He specializes in business management, investments, mergers and acquisitions, as well as strategies, in particular concerning foreign expansion. During his career, he was the president and a member of the Management Board of companies from the following industries: ICT, TSL, aviation, finance and banking.

His professional experience also includes cooperation with private equity funds, including Trinity Management and Innova Capital, on behalf of which he held supervisory and management functions in the bodies of portfolio companies, as well as was responsible for their value growth and capital exits.

He is an independent member of the Supervisory Board.

Marek Radzikowski

Marek Radzikowski is a doctor of economics, the head of the Economic Growth Research Department of the Warsaw School of Economics, a lecturer on data science subjects and the author of many economic publications, including two books.

He completed his master's degree with distinction at the Warsaw School of Economics, majoring in finance and banking, and then completed MBA studies as part of The Community of European Management Schools (CEMS) program. He also studied at the Department of Economics of the Massachusetts Institute of Technology (MIT) in Cambridge and at the Erasmus University Rotterdam School of Management. He is a scholarship holder of Fulbright, the Socrates-Erasmus program, the Minister of National Education, Dr. Irena Eris, and a winner of awards and distinctions of among others, President's of Warsaw, Top Ten, PwC and Europrimus.

He started his professional career as a leader of projects improving management processes in international corporations, and later as a senior economist and secretary of the Macroeconomic Council at the National Bank of Poland. He co-founded the Civic Development Forum (FOR) as deputy director of the analytical department and deputy chief economist, and then worked as head of the cabinet (head of advisors) of the Minister of Finance. He was also an advisor to the management board of the Polish

Bank Association, a President of the Warsaw Banking Institute, and in recent years he worked as Vice President at J.P. Morgan.

He is a member of the Society of Polish Economists and an expert at the Institute of Public Finance.

He is an independent member of the Supervisory Board.

Agnieszka Winnik-Kalemba

Agnieszka Winnik-Kalemba graduated from the Faculty of Law and Administration of the University of Wrocław. In the years 1995-1997, she participated in the post-graduate scholarship programme at Georgetown University in Washington D.C. and the University of Kentucky the James W. Martin School of Public Policy and Administration. In the years 1999-2003, she trained to become an attorney-at-law.

In 2003 she started her law firm, Kancelaria Adwokacka Adw. Agnieszka Winnik-Kalemba. She gained experience while working for the executive office of the "Solidarity" Trade Union in the Lower Silesia Region and at the law offices of Bowles, Keating, Matuszewich&Fiordalisi, at the Chamber of Regions of the Council of Europe office and at the legal office of the Lower Silesian Marshal Office in Wrocław. She is a member of a supervisory board of KGHM Polska Miedź S.A.

She is an independent member of the Supervisory Board.

The business address of all of the Supervisory Board members is ul. Puławska 15, 02-515 Warsaw, Poland. Except for the potential conflict of interest associated with the delegation of Szymon Midera to the Bank's Management Board, described under the heading "Management Board" above, 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 2023, the Group had 25.6 thousand employees (full time equivalent). 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

In 2021 and 2022 the Polish economy was recovering from the downturn of 2020 caused by the COVID-19 pandemic. Poland's GDP grew by 6.9 per cent in 2021 and by 5.3 per cent in 2022. In 2022 the economy was struck by the global inflation shock, triggered by the Russian invasion on Ukraine. As a result, the CPI inflation surged to a double-digit level, peaking at 18.4 per cent in February 2023. Surging inflation has deteriorated real incomes of households and resulted in a downward trend in private consumption, which in 2023 declined by 1 per cent. Apart from declining private consumption, GDP growth in 2023 was additionally weakened by the reversal in the inventory cycle. As a consequence, in 2023 the GDP grew by 0.2 per cent. Inflation shock has prompted the MPC to conduct a fast and strong monetary tightening cycle. The cycle started in October 2021 with the final hike in September 2022 and cumulative tightening of 6.65 basis points, raising the reference rate from 0.1 per cent to 6.75 per cent. In September 2023, the CPI inflation turned single-digit and the MPC decided to adjust the nominal interest level to lower inflation with a 75 basis points cut in September 2023 followed by a 25 basis points cut in October 2023. At the date of this Base Prospectus the reference rate stands at 5.75 per cent.

Weaker economic growth and higher interest rates reduced the demand for loans. In 2022 loans grew by 1.9 per cent compared to 5.2 per cent. in 2021, while in 2023 the loan market stagnated. The deposits grew by 6.2 per cent in 2022 and 9.3 per cent in 2023. While in 2022 the growth of deposits was mainly driven by the non-financial corporates sector, in 2023 it was predominantly boosted by private households.

In 2022 yields on short- and long-term bonds issued by the Polish state continued the upward trend, triggered by higher inflation, higher central bank rates and upward trend in the core markets. The rise in yields reversed in 2023, driven by the decline in inflation and rising expectations regarding monetary loosening.

Despite weaker economic growth the situation on the domestic labour market has not deteriorated. The registered unemployment rate was 5.2 per cent at the end of 2022 and 5.1 per cent at the end of 2023, and was close to the historic low. Wages in the total economy grew strongly, by 12 per cent in 2022 and by 13 per cent in annual terms on average in first three quarters of 2023, partly driven by strong increases of the minimum wage. The decline in inflation accompanied by favourable situation on the labour market has resulted in an improvement of consumer sentiment, which has been ongoing since April 2023 and resulted in consumer sentiment indicators returning levels recorded before the outbreak of the war in Ukraine. The general economic sentiment, as measured by the European Sentiment Indicator, ESI, shows similar trends among business entities.

Development of the Polish Banking Sector

Between 1989 and 1991, a two-tiered banking sector was established, separating the central bank from the rest of the banking sector. Nine regional commercial banks were created out of the NBP's commercial and retail banking operations. The NBP branch network and the respective commercial loan portfolios of those branches were divided among the newly-established banks to give each new bank a regional base. All of these regional banks were transformed into joint stock companies in October 1991 and were subsequently privatised between 1993 and 2001. Since 1991, Polish banking law has allowed the licensing of new private banks in Poland and opened the Polish banking market to foreign investors. As a result, there has been a rapid expansion in the number of banks owing to foreign banking groups entering the market.

According to the KNF, as at 31 December 2023, there were 29 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 31 December 2023, the share of top five banks in total banking assets stood at 58.6 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 Santander Bank Polska S.A. 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 the Bank, the takeover of control of Santander Consumer Bank S.A. by Santander Bank Polska S.A.; 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, Deutsche Bank sold its Polish retail operations to Santander Bank Polska S.A. 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. In 2022 the BGF initiated compulsory restructuring proceedings concerning Getin Noble Bank S.A. A part of Getin Noble Bank's enterprise was transferred to VeloBank S.A., a new bank set up by the BGF and System Ochrony Banków Komercyjnych S.A. (**SOBK**), the managing entity of the institutional protection scheme set up by eight Polish commercial banks.

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

As a result of changes in the shareholding structure of Polish commercial banks, in particular the takeover of Bank Pekao S.A. by PZU S.A. and PFR S.A., in 2017 the share of foreign ownership in banking assets in the country declined markedly. According to the KNF, as at 31 December 2023 42.2 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., Bank Millennium S.A., Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A.). The above-mentioned banks signed the protection scheme agreement and established the managing entity operating in the form of a joint stock company, 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 liquidity and solvency 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.

Consumer Protection

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

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

Personal Data Protection

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

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

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

- the definition of personal data, including identifying the person to whom the data relates, will be much broader;
- automated processing of personal data will be permitted under certain conditions;
- the legal rights of individuals will be increased considerably;
- personal data processors, controllers and data protection officers will have many new obligations relating to the technical and organisational protection of personal data; and
- administrative fines for non-compliance with the Regulation could reach EUR 20 million or 4 per cent. of an organisation's annual worldwide turnover.

Moreover, individuals will have the right to judicial redress and to claim compensation in excess of the statutory fines.

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.

FATCA DISCLOSURE

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) 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 Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as 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 Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register 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. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person

established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

POLAND

General information

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 Base Prospectus, 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 adviser 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 as understood in Polish tax law.

For the purpose of this Section:

Affiliated Entities means:

- (i) entities of which one entity Exercises a Significant Influence on at least one other entity; or
- (ii) entities on which a Significant Influence is Exercised by:
 - (A) the same other entity; or
 - (B) 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
- (iii) a partnership that is not a legal person within the meaning of the CIT Act (in principle, a tax transparent partnership) and its partners (partner); or
- (iv) limited partnerships and limited joint-stock partnership with their registered office or management in the territory of the Republic of Poland and its general partner; or
- (v) specific general partnerships with their registered office or management in the territory of the Republic of Poland and its partner; or
- (vi) 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 means:

- (i) holding directly or indirectly at least 25 per cent. of:
 - (A) shares in the capital; or
 - (B) voting rights in the supervisory, decision-making or managing bodies; or
 - (C) shares in or rights to participate in the profits, losses or the property or their expectative, including participation units and investment certificates; or
- (ii) 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
- (iii) 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 PIT Act, natural persons, if residing in the Republic of Poland, are liable for tax on their total income (revenue) irrespective of the location of the sources of revenue (unlimited obligation to pay tax).

Under Art. 3.1a of the PIT Act, a Polish tax resident individual is 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.

(a) Withholding Tax on Interest Income

According to Article 30a.7 of the PIT Act, interest income and other income treated for tax purposes in the same way, eg 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 of the PIT Act it is subject to 19 per cent. flat-rate tax.

Under Article 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. Particular double tax treaties can provide other methods of withholding tax settlements.

Under Article 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of their business activity, should withhold the Polish 19 per cent. tax upon any interest payment.

Under Article. 41.4d of the PIT Act, the entities operating securities accounts for the individuals, acting as tax remitters, should withhold this interest income if such interest income (revenue) has been earned in the territory of Poland and is connected with securities registered in the 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 foreign establishment and it is to that establishment's operations that the securities account is linked.

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, it cannot be

excluded that in practice the tax authorities will apply the regulations concerning non-residents. Pursuant to Art. 3.2b of the PIT Act, income (revenues) earned in the Republic of Poland by non-residents shall include in particular income (revenues) from:

- (i) work performed in the Republic of Poland based on a service relationship, employment relationship, outwork system and co-operative employment relationship irrespective of the place where remuneration is paid;
- (ii) activity performed in person in the Republic of Poland irrespective of the place where remuneration is paid;
- (iii) economic activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;
- (iv) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from disposal of any rights to such property;
- (v) securities and derivatives other than securities, admitted to public trading in the Republic of Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;
- (vi) cancellation, buy-back, redemption and otherwise annihilation of participation in an investment fund established on the basis of the provisions in force in the Republic of Poland and sale of this participation;
- (vii) 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 properties located in the Republic of Poland, or rights to such immovable properties;
- (viii) 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);
- (ix) 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 and performing the agreement; and
- (x) 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 securities account for the individual will withhold the tax. Since the Issuer is a Polish entity as a rule interest from Notes should be considered as earned in the territory of Poland.

Under Art. 45.3b of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax themselves, and the tax should be settled by 30 April of the following year.

Separate, specific rules apply to interest income on securities held on Polish omnibus accounts (within the meaning of the provision of the Act on Trading in Financial Instruments, hereinafter Omnibus Accounts). Under Article 41.10 of the PIT Act, insofar as securities registered in Omnibus Accounts are concerned, the entities operating Omnibus Accounts through which the amounts due are paid are liable to withhold the flat-rate income tax on interest income. The tax is charged on the day of placing the amounts due at the disposal of the Omnibus Account holder. 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 securities account is linked.

Pursuant to Article 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter (under Article 41.10 of the PIT Act the entity operating the Omnibus Account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder.

Under Art. 45.3c of the PIT Act, taxpayers are obliged to disclose the amount of interest (discount) on securities (including the Notes 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.

(b) Other income

Income taxed otherwise than interest, 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. Such income does not cumulate with the general income subject to the progressive tax scale but, according to Art. 30b of the PIT Act is subject to a 19 per cent. flat-rate tax. The costs of acquiring the financial instruments are recognised at the time the revenue is achieved. 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.

In principle, this income should be settled by the taxpayer by 30 April of the year following the year in which the income was earned. No tax or tax advances are withheld by the person making the payments.

Furthermore, capital gains are subject to 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.

(c) Notes held as business assets

If an individual holds the Notes as a business asset, in principle, income, such as income from a transfer of Notes against a consideration, should be taxed in the same way as other business income. The tax, at 19% flat rate or the 12% to 32% progressive tax rate depending on the choice and meeting of certain conditions, should be settled by the individual themselves.

Furthermore, business income is subject to 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 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.

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.

The appropriate tax rate for corporate income taxpayers is, as a rule, 19 per cent. or 9 per cent for small and new taxpayers, i.e. taxpayers with revenues in the tax year not exceeding EUR 2 million (with certain exceptions listed in Art. 19.1a-1e of the CIT Act), taking into account the appropriate source of revenue (the lower rate does not apply to income classified as capital income – Art. 7b of the CIT Act).

A Polish tax resident corporate income taxpayer is subject to income tax in respect of the securities (including any capital gains and on interest/discount) following the same principles as those which apply to any other income received from business activity within the same source of income, called capital profits (in Polish: *zyski kapitałowe*). In the case of insurers, banks and some other entities (financial institutions), this revenue is included in revenues other than revenues from capital profits. 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. In respect of capital gains (i.e. disposal of the Notes for remuneration), the cost of acquiring the Notes will be recognised at the time the revenue is achieved. 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. The taxpayer itself (without the involvement of the tax remitter) settles tax on interest (discount) or capital gains on securities, which is aggregated with other income derived from business operations conducted by the taxpayer.

Although no Polish withholding tax should apply on interest payable to Polish corporate income taxpayers, under specific rules applying to interest income on securities held in Omnibus Accounts, under Art. 26.2a of the CIT Act, for income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. If such tax is withheld for a Polish tax resident corporate income taxpayer, to receive a refund of such tax, the entity should contact its tax advisor.

Any withholding tax incurred outside Poland (including countries which have not concluded any tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than the tax calculated in accordance with the applicable domestic tax rate, can be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

Notes held by a non-Polish tax resident (natural person or corporation)

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 tax resident individuals and corporate income taxpayers 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 the Republic of Poland by non-residents shall include in particular income (revenues) from:

- (a) all types of activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;
- (b) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property;
- (c) securities and derivatives other than securities, admitted to public trading in the Republic of Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;
- (d) the transfer of ownership of shares in a company, of all rights and obligations in a partnership without 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 properties located in the Republic of Poland, or rights to such immovable properties;
- (e) the transfer of ownership of shares, all rights and obligations, participation or similar rights in a real estate company (as defined in the CIT Act);
- (f) the receivables settled, including receivables put at disposal, paid out or deducted, by 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.

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 non-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 and Polish withholding tax should apply, unless specific exemptions apply.

If income from the Notes is considered as sourced in Poland, the following applies:

(a) Special exemption for notes meeting special conditions

(i) Corporate income tax

Under Art. 17.1.50c of the CIT Act, tax-free income is income earned by a CIT taxpayer subject to limited tax liability in Poland in respect of interest or a discount on notes:

(A) having a maturity of at least one year;

(B) admitted to trading on a regulated market or introduced into an alternative trading system within the meaning of the Act of 29 July 2005 on Trading in Financial Instruments, in the territory of Poland or in the territory of a state that is a party to a double tax convention concluded with Poland which regulates the taxation of income from dividends, interest and royalties;

unless the taxpayer is an 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 (the **Special Exemption**).

Under Art. 26.1aa-1ac of the CIT Act, remitters are not obliged to withhold tax on interest or discount in respect of the notes eligible for Special Exemption, provided that the issuer submits to the tax authority a declaration that it has acted with due diligence in informing Affiliated Entities (excluding entities whose Affiliations result solely from connections with the State Treasury or local government units or their associations), about the exemption conditions applying to those Affiliated Entities.

According to Art. 26.1af of the CIT Act, the declaration referred to above is submitted once in relation to a given note issue, no later than the date of payment of interest or discount on these notes. At the payer's request, the issuer is obliged to confirm its submission (Art. 26.1ag of the CIT Act).

The declaration is submitted in electronic form corresponding to the logical structure available in the Public Information Bulletin on the website of the office serving the minister responsible for public finances (Art. 26.7j) of the CIT Act).

(ii) Personal income tax

Analogous provisions apply to personal income tax (Art. 21.1.130c and Art. 41.24-27 of the PIT Act), with the exception that the tax remitters being entities operating securities accounts and Omnibus Accounts are obliged withhold tax with respect to income (revenue) obtained by Polish tax resident natural person from notes otherwise eligible for the Special Exemption (Art. 41.24 in fine of the PIT Act). These remitters include entities being Polish tax residents as well as non-Polish tax residents conducting business activities through a foreign establishment located in the territory of the Republic of Poland, if the account on which the securities are recorded is related to the activities of this establishment (Art. 41.4d and 41.10 of the PIT Act).

It must be noted that under Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act

on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder.

Therefore, if the entities operating Omnibus Accounts acting as tax remitters are not able to identify the natural person ie whether it is or not tax resident in Poland, they may withhold tax at full rate on income from notes that would otherwise be eligible for the Special Exemption.

(b) Failure to meet the conditions for the Special Exemption

In the absence of the Special Exemption referred to above, the following rules apply.

In the case of taxpayers subject to limited tax liability in Poland, the interest (and other income treated as interest, eg discount) on the Notes earned in the Polish territory is taxed as a general rule at a flat rate of 20 per cent. in the case of corporate income taxpayers (Art. 21.1.1 of the CIT Act) or 19 per cent. in the case of natural persons (Art. 30a.1 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. Similar provisions are provided in Art. 41.4 of the PIT Act.

Under Art. 26.2c.1 of the CIT Act, the entities operating securities accounts and Omnibus Accounts for taxpayers, acting as tax remitters, should withhold this interest income if such interest income (revenue) was earned in Poland and is connected with securities registered in said accounts, and the interest payment to the taxpayer is made through said entities. 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 securities are registered, is linked to the activity of this permanent establishment. Similar provisions concerning interest payments to individuals are provided in Art. 41.4d and Art. 41.10 of the PIT Act.

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 residence. As a rule, the tax residence certificate is considered valid for twelve consecutive months from its date of issue (unless a specific date of its validity is included in its wording). Tax remitters 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, 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:

- (i) 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;
- (ii) 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
- (iii) it conducts actual business activity in the country of its registration (country of domiciliation in case of the PIT Act), if the receivables are obtained in connection with the conducted business activity, whereas 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 does not refer to and Art. 24a.18 of the CIT Act and Art. 30f. 20 of the PIT Act this is the place in the income tax legislation providing for the actual business activity criteria to which the previous beneficial owner definition referred. 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:

- (i) 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;
- (ii) the taxpayer does not create artificial arrangement without a connection with any business activity;
- (iii) the taxpayer's actual premises, its personnel or equipment correspond to the scope of its actual business activity;
- (iv) 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;
- (v) 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. The interest treatment differs under particular double tax treaties, some of them providing for general exemption, limiting the exemption to certain categories of recipients or providing for a reduced rate of tax (which may also vary depending on the recipient).

Separate, specific rules apply to interest income on securities held in Omnibus Accounts. 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 securities 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 securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder.

Under Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. 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 regarding a refund of such tax.

If a foreign recipient of income acts through a permanent establishment in Poland, as a matter of principle it should be treated in the same manner as a Polish tax resident, with some necessary additional requirements (eg 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).

(c) Pay & Refund regime

In addition to the rules set out above, in the event of failure to meet the conditions for a Special Exemption, the following regime applies.

(i) Corporate income tax

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 on notes) and Art. 22.1 of the CIT Act to the same taxpayer exceeds PLN 2,000,000 in the tax year of the payer, payers are, as a general rule, required to withhold, on the day of payment, a flat-rate income tax at the basic rate (20 per cent. in the case of interest/discount on notes) from the excess over that amount, without being able not to withhold that tax on the basis of an appropriate double tax treaty, and also without taking into account exemptions or rates resulting from special regulations or double tax treaties (hereinafter the 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 securities 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.

Pursuant to the Regulation of the Minister of Finance dated 28 December 2022 regarding the exclusion of the obligation to collect flat-rate corporate income tax (the **Regulation**), in respect of securities held on securities accounts or Omnibus Accounts, until 31 December 2024 the application of the Pay & Refund regime is excluded to interest payable to taxpayers having their registered office or management outside the territory of the Republic of Poland.

Furthermore, there are certain exemptions from the Pay & Refund regime that require the tax remitter or the taxpayer to undertake certain actions.

If withholding tax is in fact withheld as a consequence of the application of the Pay & Refund regime but a relief under double tax treaties or special regulations is available, the taxpayer or tax remitter (if the tax remitter has paid tax with its own funds and has borne the economic burden of such tax, eg as a result of a gross-up clause) may apply for a refund of that tax by submitting the relevant documents and declarations.

(ii) Personal Income Tax

Analogous provisions apply to personal income tax, including Art. 41.12 of the PIT Act which provides for an analogous Pay & Refund regime, while the Regulation of the Minister of Finance of 28 December 2022 regarding the exclusion of the obligation to collect flat-rate personal income tax is the equivalent of the Regulation.

(d) 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 (eg. 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% 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 the Notes, nor a redemption of the Notes is subject to tax on civil law transactions.

In light of Art. 1.1.1.a of the Act dated 9 September 2000 on Tax on Civil Law Transactions (the **PCC Act**), agreements for sale or exchange of assets or proprietary rights are subject to tax on civil law transactions. The Notes should be considered as representing proprietary rights. Transactions are taxable if their subjects are:

- (a) assets located in Poland or proprietary rights exercisable in Poland;
- (b) assets located abroad or proprietary rights exercisable abroad if the acquirer's place of residence or registered office is located in Poland and the civil law transaction was carried out in Poland.

Although this is not clearly addressed in the law, in principle, the Notes should be considered as rights exercisable in Poland.

If the sale or exchange of the Notes is subject to the PCC, then the tax at 1 per cent. of the market value of the Notes should be payable within 14 days after the sale or exchange agreement has been entered into. However, if such agreement has been entered into in notarial form, the tax due should be withheld and paid by the notary public. Tax on sale of the Notes is payable by the entity acquiring the Notes. In the case of exchange agreements, tax on civil law transactions should be payable by both parties jointly and severally.

However, under Art. 9.9 of the PCC Act, an exemption applies to the sale of property rights constituting financial instruments (such as the Notes):

- (a) to investment companies and foreign investment companies;
- (b) via investment companies or foreign investment companies;

- (c) as part of organised trading;
- (d) outside organised trading by investment companies and foreign investment companies, if those rights were acquired by those companies under organised trading;
- (e) to state-owned banks conducting brokerage activities;
- (f) made through state-owned banks conducting brokerage activities, or
- (g) made outside organized trading by state-owned banks conducting brokerage activities, if these rights were acquired by these banks as part of organized trading

within the meaning of the provisions of the Act of 29 July 2005 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 the 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 the specific provisions provide otherwise or if tax has not been withheld due to the taxpayer's fault. In such a case, the relevant tax authority will issue a decision concerning the taxpayer's liability.

According to Art. 30.5c of the Tax Code, the issuer is liable for the tax that has not been withheld if the statement made for the purposes of the Special Exemption is factually incorrect. This applies both in cases when the issuer acts as the tax remitter with respect to interest on Notes or not, especially it is withheld by the entity which holds securities accounts or Omnibus Accounts.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 15 March 2024, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States 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 or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is 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 will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under 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 Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. 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 Directive 2014/65/EU (as amended, **MiFID II**); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), 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 Regulation (EU) 2017/1129 (the **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 European Economic Area, 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 Base Prospectus 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 Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the 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 Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the 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; and
- the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

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 Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. 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 domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
 - (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 domestic law of the UK 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", 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 Base Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (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) in the United Kingdom 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,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

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; and
- the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have 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 whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or 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) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Poland

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.

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 **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), 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 FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1, 2 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Management Board of the Issuer dated 8 August 2022.

Listing and admission to trading

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II. Applications may also be made for Notes issued under the Programme to be listed on the WSE.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection on the Issuer's website <https://www.pkobp.pl/investor-relations/issuance-and-ratings/>:

- (a) the articles of association (with an English translation thereof) of the Issuer;
- (b) the Agency Agreement; and
- (c) any future Base Prospectus, prospectuses, information memoranda, supplements and Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

For at least ten years from the date of this Base Prospectus, this Base Prospectus and a copy of any document containing the information incorporated by reference in this Base Prospectus can be obtained from the Issuer's website <https://www.pkobp.pl/investor-relations/issuance-and-ratings/>. For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the Issuer's website does not form part of this Base Prospectus.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Change

Subject as set out in the following Risk Factors: "*The regulatory intervention concerning borrowers under mortgage loans may have an adverse effect on the Group's financial conditions*" and "*Claims of borrowers under mortgage loans denominated in CHF or indexed to CHF may adversely affect the Group's financial performance*", there has been no significant change in the financial performance or financial position of the Group and there has been no material adverse change in the financial position or prospects of the Group since 31 December 2023.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Auditors

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k., entered on the list of audit firms held by the Polish Agency for Audit Oversight (in Polish: *Polska Agencja Nadzoru Audytowego*) under number 144, has audited the Annual Consolidated Financial Statements for the financial years ended 31 December 2022 and 31 December 2023 and issued unqualified and unmodified auditor's reports from the audits thereof. On behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k., the Annual Consolidated Financial Statements were audited by Agnieszka Accordi (certified auditor, licence No. 11665).

In accordance with the Group's auditor rotation policy, on 15 December 2022 the Bank's Supervisory Board appointed KPMG Audyt spółka z ograniczoną odpowiedzialnością sp. k. as the Bank's and the Group's auditor for the years 2024 – 2026. KPMG Audyt spółka z ograniczoną odpowiedzialnością sp. k. is entered on the list of audit firms held the Polish Agency for Audit Oversight (in Polish: *Polska Agencja Nadzoru Audytowego*) under number 3546. The change of auditors did not result from resignation, removal or any disagreement between the Group and PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Dealers transacting with the Issuer

Certain of the 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.

ISSUER

Powszechna Kasa Oszczędności Bank Polski S.A.
ul. Puławska 15
02-515 Warsaw
Poland

ISSUING AND PRINCIPAL PAYING AGENT

The Bank of New York Mellon, London Branch
160 Queen Victoria Street
London EC4V 4LA
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Robertson's Quay
Grand Canal Dock
Dublin 2
Ireland

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

AUDITORS

To the Issuer

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
ul. Polna 11
00-633 Warsaw
Poland

ARRANGER AND DEALER

Powszechna Kasa Oszczędności Bank Polski S.A.
ul. Puławska 15
02-515 Warsaw
Poland

LISTING AGENT

Banque Internationale à Luxembourg, société anonyme
69 route d'Esch
L-2953 Luxembourg
Luxembourg