

BASE PROSPECTUS



Bank Polska Kasa Opieki S.A.

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

EUR 5,000,000,000 Euro Medium Term Note Programme

Under this EUR 5,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), Bank Polska Kasa Opieki 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). This prospectus comprises a base prospectus in respect of Notes (the “**Base Prospectus**”) issued under the Programme for the purposes of Article 8(1) of Regulation (EU) 2017/1129, as amended (the “**Prospectus Regulation**”).

Notes may be issued in bearer or registered form (“**Bearer Notes**” and “**Registered Notes**”, respectively). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 5,000,000,000 (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* of the Grand Duchy of Luxembourg (the “**CSSF**”), as competent authority under 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 Regulated Market of the Luxembourg Stock Exchange 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 Regulated Market of the Luxembourg Stock Exchange 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 13 November 2024. 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 this Base Prospectus and the 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 (nor, if Regulation S Category 2 is specified in the applicable Final Terms, to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act (“**Regulation S**”)) 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 Issuer’s current long-term rating by S&P Global Ratings Europe Limited (“**S&P**”) is BBB+ (stable outlook), Moody’s Investors Service Cyprus Ltd. (“**Moody’s**”) is A2 (stable outlook) and Fitch Ratings Ireland Limited (“**Fitch**”) is BBB (stable outlook). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. As at the date of this Base Prospectus, each of Moody’s, Fitch and S&P is established in the European Union (the “**EU**”) and is included in the list of credit rating agencies registered in accordance with Regulation (EC) No. 1060/2009 on Credit Rating Agencies as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”), it forms part of the domestic law of the United Kingdom by virtue of the European Union Withdrawal Act 2018 (the “**EUWA**”) (the “**UK CRA Regulation**”). This list is available on the ESMA website (<https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>) (last updated 27 March 2023).

Notes issued under the Programme may be rated or unrated by the rating agencies referred to above. Where a Tranche 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 or the other Tranches of Notes 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 certain reference rates which may constitute benchmarks for the purposes of Regulation (EU) No. 2016/11 (the “**EU Benchmarks Regulation**”), including the Euro Interbank Offered Rate (“**EURIBOR**”), which is provided by the European Money Markets Institute (“**EMMI**”), the Secured Overnight Financing Rate (“**SOFR**”), which is provided by the Federal Reserve Bank of New York, the Sterling

Overnight Index Average (“**SONIA**”), which is provided by the Bank of England, or the Warsaw Interbank Offered Rate (“**WIBOR**”), which is provided by GPW Benchmark S.A. 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 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 UK domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”), and, together with the EU Benchmarks Regulations the “**Benchmarks Regulations**”). 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 required to obtain authorisation or registration as of the date of this Base Prospectus.

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

Joint Arrangers

Bank Polska Kasa Opieki S.A.

J.P. Morgan

Dealers

Bank Polska Kasa Opieki S.A.

BNP PARIBAS

BofA Securities

Citigroup

J.P. Morgan

The date of this Base Prospectus is 13 November 2023.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8(1) of the Prospectus Regulation. When used in this Base Prospectus, Prospectus Regulation means Regulation (EU) 2017/1129, as amended.

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.

No Dealer has independently verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer.

None of the Dealers makes any representation as to the suitability of any Notes issued as Sustainable Bonds (as defined herein) under the Programme to fulfil any environmental, social and/or sustainability criteria required by any prospective investors. The Dealers have not undertaken, nor are they responsible for, any assessment or verification of the Eligible Projects (as defined in “*Risk Factors—Risks related to all Notes—The application of the net proceeds of Sustainable Bonds (or an amount equal thereto) as described in the section of this Base Prospectus entitled “Use of Proceeds” might not meet investor expectations or be (or remain) suitable for an investor’s investment criteria*” below) and their impact, or monitoring of the use or allocation of the net proceeds of any such Sustainable Bonds (or amounts equal thereto), nor do any of the Dealers undertake to ensure that there are at any time sufficient Eligible Projects to allow for allocation of a sum equal to the net proceeds of the issue of such Sustainable Bonds in full. In addition none of the Dealers is responsible for the assessment of the Issuer’s Sustainable Finance Framework (as defined and further described in the section of the Base Prospectus entitled “*Use of Proceeds*”) including the assessment of the applicable eligibility criteria in relation to Sustainable Bonds set out in therein. Prospective investors should refer to the Issuer’s Sustainable Finance Framework and the Second Party Opinion, as referred to in the section of this Base Prospectus entitled “*Use of Proceeds*” below. The Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not a statement of fact. The Second Party Opinion is not, nor should be deemed to be, a recommendation by the Dealers or any other person to buy, sell or hold any Notes and is current only as of the date it is issued. No representation or assurance is given by the Dealers as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with an issue of Notes issued as Sustainable Bonds, nor is any such opinion or certification a recommendation by any Dealer to buy, sell or hold any such Notes. The criteria and/or considerations that formed the basis of the Second Party Opinion or any such other opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or

withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Issuer's Sustainable Finance Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Prospectus. The Issuer's Sustainable Finance Framework, the Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference in, this Base Prospectus.

In the event any such Notes are, or are intended to be, listed, or admitted to trading on a dedicated "green", "sustainable", "social" or other equivalently labelled segment of a stock exchange or securities market, no representation or assurance is given by the Dealers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

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 (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. 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 Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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. 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 Joint Arrangers 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 Joint Arrangers 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. None of the Issuer and the Dealers 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 assumes 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, Japan and Singapore, 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 has been derived from (i) the consolidated financial statements of the Issuer as at and for the nine months ended 30 September 2023 (the “**Q3 2023 Consolidated Financial Statements**”), (ii) the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2022 (the “**2022 Consolidated Financial Statements**”) and (iii) the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2021 (the “**2021 Consolidated Financial Statements**” and, together with the 2022 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 the International Financial Reporting Standards (“**IFRS**”) as adopted by the EU. The Q3 2023 Consolidated Financial Statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 ‘Interim Financial Reporting’ 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 this Base Prospectus, all references to:

- *U.S. dollars, U.S.\$* and *\$* refer to United States dollars;
- *CHF and swiss franc* refer to Swiss franc;
- *zloty, PLN* and *zł* refer to Polish zloty; 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.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

In connection with Section 309B of the Securities and Futures Act 2001 (Chapter 289) of Singapore (as amended, the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise stated in the applicable Final Terms, all Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the “**MAS**”) Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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 of any financial variable that which might have a negative impact on the return on the Notes; and
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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.

A potential investor may not rely on the Issuer, any of the Arrangers or Dealers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

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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 of the Notes, 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 (the “**Delegated Regulation**”).

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:	Bank Polska Kasa Opieki S.A.
Issuer Legal Entity Identifier (LEI):	5493000LKS7B3UTF7H35
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
Joint Arrangers:	Bank Polska Kasa Opieki S.A. J.P. Morgan SE
Dealers:	Bank Polska Kasa Opieki S.A. BNP Paribas BofA Securities Europe SA Citigroup Global Markets Europe AG J.P. Morgan SE 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 5,000,000,000 (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. No Notes having a maturity of less than one year will be issued under this Base Prospectus.
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:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating either the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. (“ISDA”), and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series), or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the first Tranche of the Notes of the relevant Series) as specified in the applicable Final Terms, each as published by ISDA (or any successor) on its websites (www.isda.org), on the date of issue of the first Tranche of Notes of such Series; or (b) on the basis of the reference rate set out in the applicable Final Terms. 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. 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. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
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 Independent Adviser in consultation with the Issuer or failing that, 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.

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 Senior 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 MREL Notes or Senior Subordinated Notes, only) an MREL Disqualification Event) or that such Notes will be redeemable at the option of the Issuer (see Issuer Call and Clean-up Call Option) 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) if at any time (i) (where specified as applicable in the applicable Final Terms, in respect of Tier 2 Subordinated Notes) a Capital Disqualification Event occurs or (ii) (in respect of Senior MREL Notes, Senior Non-Preferred MREL 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 Bai-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 admitted to trading on a regulated market within the European Economic Area or offered to the public in a member state of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation will be not less than €100,000 (or, if the

	Notes are denominated in a currency other than euro, the equivalent amount 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 (<i>Taxation</i>). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 9 (<i>Taxation</i>) and save in respect of Zero Coupon Notes, 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 MREL Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes).
Negative Pledge:	The terms of the Ordinary Senior Notes will contain a negative pledge provision as further described in Condition 4 (<i>Negative Pledge</i>).
Cross Default:	The terms of the Ordinary Senior Notes only will contain a cross default provision as further described in Condition 11 (<i>Events of Default</i>).
Status of the Notes:	Notes may be either Ordinary Senior Notes, Senior MREL Notes, Senior Non-Preferred MREL Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes, as more fully described in Condition 3 (<i>Status of the Notes</i>) and all as specified in the applicable Final Terms.
Rating:	The Issuer's current long term debt rating by Moody's, S&P and Fitch is A2, BBB+, BBB, respectively (outlook stable). 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. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. 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 (<i>Status of the Notes</i>), 21 (<i>Acknowledgment of Bail-in and Loss Absorption Powers</i>) and 22 (<i>Recognition of Stay Powers</i>) 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, Japan and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale</i> ".

United States Selling Restrictions:

Regulation S, Category 1 (or, if specified in the applicable Final Terms Category 2).

TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

Use of Proceeds:

The net proceeds (or an amount equivalent to such net proceeds) from each issue of Notes will be used for the general financing purposes of the Issuer or, in respect of any Notes which are issued as Sustainable Bonds in accordance with the Issuer's Sustainable Finance Framework, to finance Eligible Projects. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

RISK FACTORS

In purchasing Notes, investors assume the risk that the 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 the 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 under the Notes. 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. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings as given to them in this section.

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

Risks relating to the Bank's business activity and industry

Regulatory intervention in the mortgage lending market may have an adverse effect on the Group's financial condition

In response to rapidly increasing inflation, the Monetary Policy Council (in Polish: *Rada Polityki Pieniężnej*, the "MPC"), has increased domestic reference interest rates several times. According to the Polish Banking Association (in Polish: *Związek Banków Polskich*), the vast majority of mortgages are variable-rate loans, being the sum of WIBOR increased by a given bank's margin. Despite the fact that recently, the MPC adopted its first decision since a long time to decrease reference interest rates and as of the date of this Base Prospectus the main reference rate is 5.75 per cent, the Polish Central Bank's monetary tightening policy via interest rate rises has had a direct impact on mortgage holders and their ability to repay their loans.

To alleviate the effect the increased interest rates may have on the financial condition of households, the Polish government submitted to the Polish parliament a draft Act on Crowdfunding and Supporting Borrowers (in Polish: *Ustawa o finansowaniu społecznościowym dla przedsięwzięć gospodarczych i pomocy kredytobiorcom*, the "Act on Supporting Borrowers"). The Act on Supporting Borrowers came into force on 29 July 2022.

The Act on Supporting Borrowers (i) gives mortgage holders the option to take a mortgage payment holiday; (ii) imposes an obligation on banks to pay an additional contribution to a Borrowers Support Fund (in Polish: *Fundusz Wsparcia Kredytobiorców*); and (iii) introduces a procedure for replacing WIBOR with a new benchmark. Under the Act on Supporting Borrowers, PLN denominated retail mortgage holders may suspend repayment of these loans for 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 a mortgage holiday the borrowers are released from making mortgage-related payments due to the lender under the loan agreement (including interest, principal and other fees), except for the payment of insurance premiums linked to the loan agreement. The mortgage holiday becomes effective automatically upon the delivery of an application to the lender. The term of the mortgage is extended by the duration of the mortgage holiday. The right to request a mortgage holiday applies to mortgages concluded prior to 1 July 2022, provided that the maturity date of the mortgage falls after 1 January 2023.

In 2022, the gross value of mortgages denominated in PLN granted by the Bank and its consolidated subsidiaries (the "Group") was adjusted by PLN 2.0 billion. The adjustment is based on the assumption that 76 per cent of the Group's customers who are eligible to apply for a mortgage holiday will do so. If all of the Group's eligible customers had applied for a mortgage holiday, the Group's loss would have been PLN 2.9 billion. The final loss will depend on the number of customers applying for a mortgage holiday.

By 30 September 2023, 190 thousand of the Group's customers had submitted a mortgage holiday application, and the total number of suspended loan instalments exceeded 1.3 million. As at 30 September 2023, the actual level of utilization of the governmental programme of loan repayment holidays by the Group's customers was at a level of 70%. It is probable that the programme will be reintroduced in 2024 and will provide borrowers that meet certain income criteria, with the option of suspending repayments for one month in each calendar quarter from 1 January 2024 until 31 December 2024. In the future, an increase in the customer participation ratio, and consequently the level of the related costs, may be affected by factors such as the unemployment rate, customer behaviour and interest rate fluctuations.

The Act on Supporting Borrowers also amends the framework for the Borrowers Support Fund's operations, with the goal of facilitating a way in to the access provided by the Borrowers Support Fund. The Group's cost of its additional contribution to the Borrowers Support Fund in 2022 amounted to PLN 169.4 million and PLN 0 in the nine-month period ended 30 September 2023.

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

The Group conducts its operations in Poland. As a result, the macroeconomic situation in Poland has a material impact on the Group's business, its financial condition and the results of operations.

The economic situation in Poland depends on a number of factors, including government budgets, the money supply and interest rates, the labour market, the demographic situation in Poland, macroeconomic conditions in the world and in Europe, the inflow of funds from the European Union as well as the levels of taxation. Polish Parliamentary elections were held on 15 October 2023, and a new government is expected to be formed following them. However, no assurances can be provided as to when the new government will be in place.

A potential prolonged economic slowdown in Poland would impact the Group's operations. Higher unemployment and lower consumption, as well as fluctuations in the financial markets (including the currency markets), may adversely affect the financial condition of the Group's customers, which could, in turn, impair the quality and volume of the Group's loan 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 existing or future loans by the Group, including real estate, may decline significantly. According to the recent data of the Central Statistical Office (in Polish: *Główny Urząd Statystyczny*), Poland's GDP decreased by 0.6 per cent in the second quarter of 2023 compared to the same period of the previous year, which increases the risk of potential cooling down of the Polish economy.

On 24 February 2022, Russia invaded and launched a full-scale military assault against Ukraine. Russian military forces entered Ukrainian territory and, as of the date of the Base Prospectus, occupy several regions, cities and infrastructure sites in Ukraine. The war has caused increased market volatility and impacted the Polish economy. In particular, the war has already caused an increase in prices of commodities and energy. This may put an additional financial strain on some of the Group's customers and affect their ability to perform their obligations towards the Group. The sanctions imposed on Russia may also affect the financial condition of some of the Group's customers who conducted business in Russia or with Russian counterparts. The war has also caused a number of Ukrainians to seek refuge in neighbouring countries. According to the United Nations Refugee Agency, over 1.5 million Ukrainians were granted temporary protection in Poland as of November 2023.

The outbreak of the war, external pressures on the PLN, sharp increases in commodity prices and strong consumer demand have resulted in inflation rising to above 10 per cent (peaking at 18.2 per cent year-on-year in February). By October 2023 it had decelerated to 6.5 per cent year-on-year. Sustained high inflation may have a negative effect on the financial standing of the Group's customers, in particular, households. Some of the Group's customers may not be able to comply with 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 and could also cause an increase in the Group's expected credit losses. More challenging macroeconomic conditions may also lead to a decreased customer demand for the Group's products and services.

The Group's business, as well as the successful implementation of its strategy, is dependent on the financial circumstances 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 the growth of the Group's loan and advances portfolio.

The level of risk that is acceptable to customers may also decrease with respect to investments in securities, investment funds 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 force current holders to 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 Group's business, financial condition and operations.

The Bank is subject to environmental, social and governance risks that could adversely affect its reputation, business, financial condition, results of operations and/or prospects.

Regulators, investors and other market participants have been increasingly focusing on environmental, social and governance ("ESG") risks, in particular climate-related risks. The Bank is subject to such risks mainly through its credit portfolio. Bank identifies two climate-specific risks in its credit risk management – transition risk and physical risk. Transition risk refers to the financial risk that may arise from the transition to a lower-carbon society. This entails the effects on its customers' business models from disruptive events such as changes in climate policy, regulation, technology or market sentiment. Depending on the nature, speed and focus of such changes, transition risk may pose varying degrees of risk to companies. In general, sectors that rely on fossil fuels or are energy-intensive are expected to be affected first

and most by transition risk. Physical risk arises from increased severity and frequency of climate and extreme weather-related events such as droughts, floods, storms and sea-level rise. Physical risk can also be more gradual, arising from longer-term chronic shifts in climate patterns. The impact can be direct (e.g. through damage to property) or indirect as a result of subsequent events such as the disruption of global supply chains.

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

The Bank is indirectly controlled by the Polish State Treasury, which may exert politically motivated influence on the Bank

The Bank is indirectly controlled by the Polish State Treasury. The major shareholders of the Bank are Powszechny Zakład Ubezpieczeń S.A. ("**PZU**") and Polski Fundusz Rozwoju S.A. ("**PFR**"). As at the date of this Base Prospectus, PZU holds 20.00 per cent of shares in the Bank's share capital and 20.00 per cent of the voting rights at the Bank's General Meeting, while PFR holds 12.80 per cent of the shares in the Bank's share capital and 12.80 per cent of the voting rights at the Bank's General Meeting. Both PZU and PFR are controlled by the Polish State Treasury, with the Polish State Treasury as their main shareholder.

As a result of shareholders structure the Polish State Treasury can indirectly exert influence to the extent of authority reserved to competence of major shareholders of the Bank and with this regard certain decisions of the Bank may reflect the Polish government's policy.

Any politically motivated influence or instability in the scope of corporate governance relating to the Bank could have a material adverse effect on the business, financial results, financial condition and prospects of the Bank and, consequently, on the value of the Notes, and on the ability of the Bank to make payments under the Notes.

Risks relating to the Group's financial situation

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

During first decade of the 21st century, Polish banks granted a large number of mortgages denominated in Swiss francs or indexed to Swiss francs (the "**CHF Mortgage Loans**"). CHF Mortgage Loans were an extremely popular product due to, among other things, interest rates being low when compared with PLN interest rates. With the rapid appreciation of the CHF, the outstanding PLN equivalent of principal amounts of CHF Mortgage Loans increased significantly. For this reason, many CHF Mortgage Loan borrowers decided to bring actions aimed at annulling their CHF Mortgage Loan agreements or of some agreement provisions. Taking into account relevant rulings by the Court of Justice of the European Union, Polish national courts are assessing the abusiveness of the clauses relating to mechanisms for indexing loans to foreign currencies or interest rate directly linked to the interbank rate of the currency concerned and the existence of the grounds for annulment of a credit agreement containing such mechanisms on a case-by-case basis. In the vast majority of cases, the courts have ruled to invalidate CHF Mortgage Loan contracts, the main legal ground being application of banks' FX tables to currency operations on paid instalments, as a result of which borrowers could not know the total cost associated with the loan.

On 15 June 2023, the Court of Justice of the European Union (the "**CJEU**") introduced a judgment in case C-520/21, in which it settled the question referred for a preliminary ruling by the District Court for Warsaw - Śródmieście in Warsaw, 1st Civil Division requested the CJEU to issuance of a preliminary ruling in which the CJEU will take a position on whether, in the event that a loan agreement concluded between a bank and a consumer is invalid from the beginning due to the inclusion of unfair contractual terms, the parties, in addition to refunding the money paid in performance of this agreement (bank - the loan capital, the consumer - instalments, fees, commissions and insurance premiums) and statutory interest for delay from the time of request for payment, may also demand any other benefits. In the said judgment, the CJEU stated that in the context of recognizing a mortgage loan agreement as invalid in its entirety due to the fact that it cannot continue to apply after removing the unfair terms from it, Article 6 sec. 1 and Article 7 sec. 1 of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts should be interpreted as follows:

- they do not preclude a judicial interpretation of national law according to which the consumer is entitled to claim compensation from the credit institution beyond the reimbursement of the monthly instalments and costs paid for

the performance of that contract and the payment of statutory interest for late payment from the date of the request for payment, provided respect the objectives of Directive 93/13 and the principle of proportionality, and

- they preclude a judicial interpretation of national law according to which a credit institution is entitled to demand compensation from the consumer beyond the reimbursement of the capital paid for the performance of that contract and the payment of statutory interest for late payment from the date of the demand for payment.

The judgment in question closed the way for the banks to pursue the so-called remuneration for the use of capital, while as regards consumer claims against banks, the CJEU referred to national law and emphasized that it is for the referring court to assess, in the light of all the circumstances of the dispute, whether the inclusion of such consumer claims complies with the principle of proportionality. As of today, the Bank is not aware of such claims by borrowers, and thus their legal basis, scope or nature.

Regarding the Group, legal risk concerns CHF-denominated mortgage portfolio taken over along with acquisition of Bank BPH in 2007. In CHF-indexed mortgages, granted by the Group until 2003, indexation clauses use flat NBP exchange rate and as such are not regarded as abusive. As at 30 September 2023, the level of the provision for the aforementioned legal risk related to CHF-denominated mortgage contracts estimated by the Group amounted to PLN 2,397.4 million. Should the number of cases filed against the Group or the number of court judgments unfavourable to the Group increase, this would require the creation of additional provisions or the creation of additional provisions at a higher pace, which, in turn, may have an adverse effect on the Group's business, financial condition and results of operations.

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. The management believes that this may cause the borrowers under such loans to try to challenge the loans in courts by requesting the courts to invalidate the loan agreements in whole or only in relation to the provisions concerning the calculation of interest. As of the date of this Base Prospectus, there has been no final court decision resolving a dispute concerning the calculation of interest under a loan with an interest rate based on WIBOR. However, at the beginning of July, the District Court in Zielona Góra upheld a claim brought by PLN borrowers in its entirety, eliminating the WIBOR reference rate from the agreement and awarding the sums sought by the borrowers. The decision of the court in Zielona Góra is as such a first in Poland, and the court decision might be contested by the defendant bank. However, it may be indicative of growing scepticism with regard to WIBOR-based loans. 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. 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 30 September 2023, debt instruments issued by the Polish State Treasury constituted 35 per cent of the Group's debt securities portfolio, and corporate bonds denominated in PLN and guaranteed by the State Treasury constituted 13 per cent of the Group's debt securities portfolio. A decrease in the price of such securities may occur as a result of several factors, in particular: (i) increases in domestic interest rates; or (ii) 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 (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. A decrease in the price of such securities could adversely affect the Group's financial condition, mainly its capital and liquidity position.

The Group's portfolio includes negotiable financial instruments whose daily valuations depend on certain market parameters (such as interest rates, foreign exchange rates, prices of bonds and stocks, futures prices, stock indices values, 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. Such inability may be caused by a wide range of factors, including, in particular, bankruptcies, economic downturns, a lack of market or individual customer liquidity, 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 and results of operations and/or prospects.

In connection with Russia's armed attack on Ukraine, which has been ongoing since 2022, the Group identifies the following threats in the area of credit risk: (i) credit loss risk for exposures to entities from Russia, Belarus and Ukraine, and (ii) the risk of deterioration of the economic and credit conditions for the rest of the portfolio (through the raw material price growth channel, disruption of economic relations, deterioration of consumer sentiment, etc.). As at 30 September 2023, the Group balance sheet net exposure to countries involved in the conflict amounted to PLN 153 million (which represented 0.10% of the Group's total exposure), and as at 31 December 2022 amounted to PLN 223 million (which represented 0.14% of the Group's total exposure). Depending on the further development of the situation, it may have a negative impact on the future financial results of the Group.

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

Although the Group actively monitors and 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.

Systemic risk resulting from failures in the banking industry in Poland and abroad could adversely affect the Group

Within the banking industry, the default of any institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Bank interacts on a daily basis. This could have an adverse effect on the Group's ability to raise new funding and on the Group's business, financial condition and results of operations.

Such systemic risk may materialize locally and be a consequence of external events. First of all, the condition of the Polish banking sector may have a negative impact on the Group. Recent events such as the forced restructuring of Getin Noble Bank S.A. prove that such a risk exists. The collapse of a Polish bank, or other negative events in the domestic banking sector, could have a potentially devastating impact on the entire market and shake confidence in the entire sector.

In addition, the problems of foreign financial institutions may affect the banking sector in Poland. On 10 March 2023, Silicon Valley Bank failed and was taken into receivership by the Federal Deposit Insurance Corporation; on 12 March, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership; the following week, a syndicate of U.S. banks infused U.S. \$30 billion in First Republic Bank; and later that same week, the Swiss Central Bank provided U.S. \$54 billion in covered loan and short-term liquidity facilities to Credit Suisse Group AG. It was subsequently announced that UBS Group AG would acquire Credit Suisse. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, the Group's ability to access its existing cash, cash equivalents and investments may be threatened.

These negative consequences may adversely affect the Group's business and results of operations in various ways, including through higher costs of capital and reduced funds available to provide loans to its customers.

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

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 profitability, applicable sovereign ratings, refinancing opportunities, franchise value, capitalization 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 downgrade in the rating of the Bank and its subsidiaries could increase the financing costs associated with transactions on the interbank market. In addition, there is a limited number of funding transactions acquired by entities of the Group where, according to existing provisions in the contracts, a downgrade may result in the necessity to provide additional collateral or early repayment. Such events 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

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

Various factors could affect the Group's ability to maintain credit and deposit margins as well as fees and commissions at current levels. These factors include the evolving regulatory environment, court judgments 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.

For instance, on 4 October 2023, the MPC decided to lower the main reference rate by 0.25 base points to the level of 5.75%. This decision may result in decreasing interest rate margins and, consequently, affect the financial situation of the Group.

A high proportion of long-term mortgages in the Group's loan portfolio makes it difficult for the Group to adjust its loan margins to market terms, whilst any deterioration in residential real estate prices and decreases in the value of collateral provided to the Bank may negatively affect the Group's business, financial condition and/or results of operations

In accordance with Polish law, neither the Bank nor any member of the Group is able to unilaterally change the terms of granted loans and advances to individuals, including credit margins. As at 30 September 2023, gross housing and mortgage loans to individuals (retail mortgage loans) constituted a material part (82.6 per cent) of the Group's total gross loans and advances to individuals. As a result, the Group is limited in its ability to change its average credit portfolio margins through the generation of new mortgage loans and advances reflecting current credit margins on the market compared to other financial institutions operating on the Polish market, which have credit portfolios with a larger proportion of short-term loans. This limited ability to re-price its loan portfolio may adversely affect the Group's business, financial condition and results of operations.

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. Such assumptions are vulnerable to changing market conditions. For example, if sale prices of residential real property in Poland substantially decline for any reason, the value of the Group's security may be adversely affected and, in cases of foreclosure, the Group may not be able to recover the entire amount of the loan if the borrowers are unable to repay them. In addition, investments in real estate are characterised by low liquidity as compared to other types of investments and such liquidity may further deteriorate in periods of economic downturn. The Group cannot guarantee that if the residential real estate market in Poland deteriorates significantly, the ability to enforce its security in a timely and effective manner would not deteriorate significantly.

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

Polish banks (including the Bank) 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 ("NBP") 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 characterized 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 be significant. The Group is subject to the risk of incurring losses or unforeseen costs relating to inadequate or failed internal processes, system failures, errors relating to the outsourcing of the performance of certain services to external service providers, human error, 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, communication breakdowns or software and hardware failures), 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 significant 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 (including public cloud service and products) as well as document archiving and storage, printing out correspondence, cash processing, cash support services, cards processing services, call centre services, and debt recovery to third parties. The Bank also outsources to external service providers the performance of certain services relating to the sale of retail and SME banking products offered by the Bank. Additionally, the Bank outsources recruitment services and services related to the bank's social media accounts. 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 in time 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 Bank becomes exposed to liquidity risk when the maturity of its assets and liabilities do not coincide. 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 holdings of real estate mortgage loans are partially covered by long and mid-term funding, they are predominantly financed by short-term and on-demand deposits, economically treated as long-term liabilities based on an internal model.

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, 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 Group's business, financial condition and results of operations.

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. This could have a material adverse effect on the Group's business, financial condition, the results of operations and/or prospects.

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

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

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

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

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

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

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

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

The outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions against the Bank or the Group's companies may seek recovery in large or indeterminate amounts or other remedies that may affect the Bank's or the Group companies' ability to conduct their business, and the magnitude of the potential losses relating to such actions may remain unknown for substantial periods of time. The cost of defending 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 30 September 2023, total provisions for legal risks associated with the CHF portfolio amounted to 2,397 million, of which PLN 1,745 million were recognized as impairment allowances and PLN 652 million as provisions for litigation and claims (relating mostly to repaid mortgages).

Risks related to legal and regulatory environment

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

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

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

- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (as amended, the **"Capital Requirements Directive"**) and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 with further amendments on prudential requirements for credit institutions and amending Regulation (EU) No. 648/2012 (as amended, the **"CRR Regulation"** or the **"CRR"** and, together with the Capital Requirements Directive, the **"CRD"**); and
- Regulation (EU) No. 2019/876, Directive (EU) No. 2019/878, Directive (EU) No. 2019/879 and Regulation (EU) No. 2019/877 (the **"EU Banking Reform Legislation"**).

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

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

Taking into account the capital buffers and capital add-on, as at 30 September 2023 the required minimum capital ratios at the consolidated Group level were 11.5 per cent for the Total Capital Ratio, 9.5 per cent for the Tier 1 capital ratio and 8.0 per cent for the Common Equity Tier 1 capital ratio. In December 2022, in order to absorb potential losses in stress conditions the Polish Financial Supervision Authority (in Polish: *Komisja Nadzoru Finansowego*, the **"KNF"**) recommended the Bank to maintain its own funds at the level of 0.43 per cent on a standalone basis and 0.42 per cent on a consolidated basis above levels of the total capital ratio prescribed by the applicable legislation. The additional capital requirement may be made up of Tier 1 funds only. At the date of this Base Prospectus, the capital adequacy ratios reported by the Bank were above the minimum levels required by the KNF on both the individual and consolidated levels. However, certain developments could affect the Group's ability to continue to satisfy the minimum capital adequacy requirements, including:

- an increase in the amount of the Group's total risk exposure as a result of the rapid business growth or depreciation of the PLN against the foreign currencies in which some of the Group's assets are denominated;
- deterioration of asset quality leading to a higher regulatory expected loss, which would increase the amount of capital deductions;
- the Bank's ability to raise capital;
- losses resulting from a deterioration in the Group's asset quality, a reduction in income levels, an increase in expenses or a combination of all of the above;
- a decline in the values of the Group's securities portfolio;

- changes in accounting rules or in the guidelines regarding the calculation of the capital adequacy ratios of banks; and
- additional capital requirements or changes in the minimum capital requirements imposed by the Bank's regulator.

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

- the Group's future financial condition, results of operations and cash flows;
- any necessary government regulatory approvals;
- the financial condition of the Bank's majority shareholders;
- financial market disruptions;
- the Bank's credit rating;
- general market conditions for capital-raising activities by commercial banks and other financial institutions; and
- domestic and international economic, political and other conditions.

In addition to the above, the CRR Regulation also includes a requirement for the Bank to maintain the leverage ratio (the "LR"), the liquidity coverage ratio (the "LCR") and the net stable funding ratio requirements (the "NSFR") introduced under the CRR. As at 30 September 2023, the LR, LCR and the NSFR with respect to the Bank were above the minimum levels required by the CRR.

Furthermore, Article 45 of the Bank Recovery and Resolution Directive (the "BRRD") provides that Member States shall ensure that institutions meet, at all times, a minimum requirement for own funds and eligible liabilities ("MREL"). The MREL shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total risk exposure amount and total exposure measure. On 23 December 2022, the Bank Guarantee Fund (in Polish: *Bankowy Fundusz Gwarancyjny*, the "BGF"), which is the Polish resolution authority, informed the Bank that the Group's MREL requirement is 15.36 per cent of the total risk exposure amount ("TREA"), of which 13.98 per cent should be fulfilled with own funds and eligible liabilities meeting the subordination requirement, and 5.91 per cent of the total exposure measure ("TEM") of which 5.55% should be fulfilled with own funds and eligible liabilities meeting the subordination requirement. In addition, the Bank should fill the combined buffer requirement. These requirements must be met by 31 December 2023. BGF set the path to reach the target MREL requirement both on the total level and on the level which must be fulfilled with own funds and eligible liabilities meeting the subordination requirement. As at 30 September 2023, the Bank meets the MREL TREA and MREL TEM requirement.

Failure to maintain the required capital adequacy ratios or to otherwise maintain sufficient levels of capital may result in restrictive measures being taken against the Bank under the Act dated 29 August 1997 on the Banking Law (the "Banking Law") or the BGF Act implementing the BRRD in Poland, and may have an adverse effect on the Group's business, financial condition and results of operations.

A breach of existing laws relating to minimum capital adequacy ratios or MREL requirements may result in administrative sanctions against the Group, which may result in an increase in the operating costs of the Group, loss of reputation, and may, consequently, have an adverse effect on the Group's business, financial condition and results of operations. The Group may also be subject to restrictions on its ability to pay discretionary distributions to its shareholders, which may have an adverse effect on the Group's ability to raise capital or funding to support its operations.

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 its 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 in Poland and internationally are likely to increase, particularly in the current market environment in which regulators have recently taken steps 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 tighter regulation. Compliance with such changes may increase its capital requirements and costs, tighten 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. Therefore, the Group may be exposed to 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 way in which a variable interest rate is determined may be changed

A fundamental reform of the main interest rate benchmarks (the **"IBOR reform"**) is currently under way. Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the **"BMR Regulation"**) sets out the operating rules and responsibilities of benchmark administrators and of the entities using these benchmarks. The new rules are to make the indicators more credible, transparent and reliable. As a result of the IBOR reform, individual indicators were adjusted to the new rules (e.g. WIBOR and EURIBOR) or liquidated (e.g. LIBOR) and replaced with alternative indicators. The greatest impact of the IBOR reform on the Group is observed in the field of financial instruments, in particular loans.

The Group monitors the progress of the transition to the new benchmarks by reviewing the total volumes of contracts where the current benchmark is subject to IBOR reform and an alternative benchmark has not yet been introduced (hereinafter 'non-reformed contract'), even if the contract contains a fallback clause. At the same time, the Group continues the process of annexing contracts concluded before the entry into force of the BMR Regulation by introducing fallback clauses.

In July 2022, at the request of financial market participants, the National Working Group for Benchmark Reform was established (the **"NWG"**). The aim of the NWG is to prepare the process of effective implementation of the new reference index on the Polish financial market and to replace it with the currently used reference index of the WIBOR interest rate in such a way as to ensure the safety of the financial system.

In September 2022, the Steering Committee of the National Working Group (the **"SC NWG"**) selected the WIRON index as an alternative to WIBOR. WIRON is the Warsaw Deposit Market Index - a transactional index developed on the basis of deposit transactions concluded by data providers with financial institutions and large enterprises. WIRON has been published by GPW Benchmark since the beginning of August 2022, and it can be used as an alternative to WIBOR from 2 December 2022. In June 2023, banks launched WIRON-based loans for the first time. Ultimately, WIRON is to become a key interest rate reference indicator within the meaning of the BMR Regulation, which will be used in financial contracts, financial instruments and by investment funds. In the course of the work of the NWG, the tasks required to be performed by market participants were identified, prioritized and the time necessary to implement the proposed changes was estimated in order to correctly and safely replace the previously used WIBOR reference indicators with the new indicator.

The Bank cannot estimate the future values of WIRON and, consequently, is in no position to determine whether the interest rate on its notes will not change after the replacement of WIBOR. Thus, there is a risk that the interest rate on Notes for which the original reference index was WIBOR will be reduced, as the value of the new reference index may be lower than the value of WIBOR. Additionally the value of WIBOR's replacement may be higher, which could cause higher costs for the Bank and have a material adverse effect on its business, financial condition and results of operations.

Furthermore, the Bank, as the provider of data for the development of benchmarks, bears the risk of administrative liability for failure to comply with the requirements of the BMR Regulation and of the benchmark administrator related to ensuring the quality of batch data, ensuring procedures to prevent manipulation of the benchmark, ensuring the confidentiality of batch data and ensuring an adequate internal control environment.

The Bank may be required to make substantial mandatory contributions, including contributions to the Bank Guarantee Fund, the Borrowers Support Fund and the Commercial Bank Protection System

Since 2017, the amount of contributions to the bank guarantee fund and the resolution fund is calculated by the BGF individually for each bank. Contributions to the deposit guarantee fund are paid quarterly. The basis for 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 bank's total liabilities (net of own funds and covered deposits) as of 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, the importance of the institution to the stability of the financial system or the economy, the stability and diversity of funding sources and additional indicators defined at the national level.

Due to the 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.

Additionally, the Act on Supporting Borrowers introduced an obligation on banks to pay an additional contribution to the Borrowers Support Fund ("BSF"). Please also see "*Regulatory intervention in the mortgage lending market may have an adverse effect on the Group's financial condition*" above.

Apart from the above, in June 2022, the Bank along with seven other Polish commercial banks, established voluntary institutional protection in the form of a joint stock company called the Polish Commercial Banks' Protection System (in Polish: *System Ochrony Banków Komercyjnych S.A.*, the CBPS). As part of the protection system, an assistance fund was established, to which the participating banks provided cash contributions. The purpose of the assistance fund is to ensure the liquidity and solvency of the participants of the scheme (up to the level of available contributions), to support the resolution of a bank conducted by the BGF and the takeover of a bank being a joint-stock company pursuant to Article 146b paragraph 1 of the Banking Law. Further contributions to the assistance fund will require a unanimous resolution of the general meeting of shareholders of the CBPS.

Moreover, the Act on the Bank Guarantee Fund, Deposit Guarantee System and Forced Restructuring of 10 June 2016 (the BGF Act) imposed an obligation on banks to pay contributions to a compulsory restructuring fund (in Polish: *fundusz przymusowej restrukturyzacji*). The Group's contribution to the compulsory restructuring fund in 2022 was PLN 210.2 million. The amount of annual contributions to the compulsory restructuring fund in 2023 was set at PLN 190.4 million.

For the year ended 31 December 2022, the value of the Group's BGF contribution for both funds amounted to PLN 267.2 million, compared to PLN 289.3 million in 2021. The Bank's contribution to the CBPS paid in 2022 was PLN 482.1 million and the Group's contribution to BSF paid in 2022 was PLN 169.4. In addition, the value of the Bank's contribution to deposit guarantee scheme amounted to PLN 57 million, for the year ended 31 December 2022, in comparison with PLN 118.7 million for the year ended 31 December 2021.

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

In addition to its banking operations, the Group also provides 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, have resulted in 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. Moreover, 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 Group's business, financial condition and results of operations.

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, which conducts inspections 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 Group's business, financial condition and results of operations.

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 Group's business, financial condition and results of operations.

The impact of competition and consumer protection legislation

The Group's business must comply with regulations regarding competition, consumer protection and state aid. Under the Polish Act on Protection of Competition and Consumers dated 16 February 2007, 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. Upon finding that such practice has taken place, the President of the OCCP may order its cessation and impose a fine. Under the Act on Protection of Competition and Consumers the President of the OCCP is also authorised to determine that certain practices violate the collective interests of consumers, and, consequently may order the discontinuation of such practices and impose a monetary penalty on the entrepreneur.

In case of a suspected violation that may affect 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 Act amending the Act on Protection of Competition and Consumers, which entered into force on 17 April 2016, gives the President of the OCCP certain additional powers. In particular, the President of the OCCP has the right to issue administrative decisions concerning unfair contractual terms and contractual patterns and to prohibit their further use. The amended Act on Protection of Competition and Consumers introduced also, *inter alia*, a new prohibition on breaching the collective interest of consumers by the mis-selling of financial services.

On 19 October 2023, the Financial Ombudsman (Polish: *Rzecznik Finansowy*, "Financial Ombudsman") sent a letter to the President of the OCCP in which the Financial Ombudsman advised of possible irregularities and requested an investigation into practices potentially infringing the collective interests of consumers that are clients of the Bank and of Pekao Bank Hipoteczny S.A. ("Pekao Bank Hipoteczny"). The matters raised by the Financial Ombudsman related to the following areas: defective implementation of what are termed "credit holidays", the Bank's failure to handle customer complaints by statutory deadlines; the Bank's failure to fulfil its obligation to return to customers funds stolen as a result of unauthorised transactions and what are referred to as click credits/loans in contravention of the provisions of the Act on Payment Services of 19 August 2011. As of the date of this Base Prospectus, the President of the OCCP has not issued any binding decision in respect of the above.

Current developments in the area of the strengthening consumer rights and protection 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.

Risks related to the Notes generally

Set out below is a description of material risks relating to the 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.

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. For example, as part of the sale of Credit Suisse Group AG (“**Credit Suisse**”) to UBS Group AG (“**UBS**”) announced in March 2023, the Swiss Financial Market Supervisory Authority (“**FINMA**”) issued a decree ordering the write-down of outstanding Credit Suisse additional Tier 1 (“**AT1**”) instruments, comprising an aggregate nominal value of approximately CHF 16 billion (\$17.3 billion equivalent). The write-down, which was implemented pursuant to the AT1 instruments’ contractual terms, was enforced notwithstanding the ability of the holders of Credit Suisse ordinary shares to receive compensation in connection with the sale to UBS. While the European Banking Authority, the Single Resolution Board and the European Central Bank Banking Supervision subsequently published a statement confirming that common equity remains the first to absorb losses in case of resolution or insolvency, and only after their full use would additional AT1 instruments be written down, there can be no assurance that similar steps will not occur in the future, and the prospect or implementation of such changes, whether or not in connection with a resolution proceeding, could have an adverse impact on the market value of the Tier 2 Subordinated Notes (and potentially on other types of Notes).

It is likely that a decision on the write-down or conversion of claims from the Notes (as one of possible crisis resolution measures) will be unforeseeable, and it may depend on a number of factors that may be outside of the Issuer’s control. If the power of write-down or conversion is applied to the Issuer, the principal amount of the Notes may be fully or partially written down or converted into instruments of ownership, although claims of other creditors of the Issuer might not be affected.

While the BRRD provides for compensation to be paid to certain creditors (which may in certain cases be given in the form of equity shares) who receive less in a resolution of a relevant entity than they would have received had that entity been allowed to enter into normal insolvency proceedings (known as the ‘no creditor worse off’ or ‘NCWO’ protection), there can be no guarantee that any Noteholder will be eligible to receive compensation for any losses in respect of their Notes, or that any compensation received will cover their losses on their Notes in full.

The adoption of any write-down or conversion powers or any proposal to exercise such powers in respect of any Notes, even if the likelihood of the exercise is low, or perception that the measure may be adopted even if such perception is not based on facts, or even adoption of any write-down or conversion powers or any proposal to exercise such powers in respect of any comparable notes issued by other credit institutions or other financial institutions may materially adversely affect the value of the Notes, and lead to the Noteholders losing some or all of their investment in the Notes.

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.

There are no events of default applicable in relation to the Senior Subordinated Notes, the Tier 2 Subordinated Notes and the MREL Notes, their Noteholders do not have the right to accelerate payments or to request early redemption upon a breach of the Terms and Conditions of the Notes, in particular not even upon a default in payments

The Issuer issues the Senior Subordinated Notes, the Tier 2 Subordinated Notes and the MREL Notes (as defined below) for regulatory purposes, in particular to fulfil its obligations relating to the minimal requirements for own funds and eligible liabilities applicable to the Issuer. Accordingly, the Tier 2 Subordinated Notes are intended to qualify as Tier 2 Capital, and therefore also into the amount to be complied with for purposes of fulfilling the minimum capital requirements applicable to the Issuer. The Senior MREL Notes and the Senior Non-Preferred MREL Notes (together, the “**MREL Notes**”) are intended to qualify as eligible liabilities instruments included in the amount to be complied with for purposes of fulfilling MREL requirements of the Issuer.

In relation to these Notes, the CRR Regulation and the BRRD (in the wording of applicable regulations as amended by the proposal for an EU banking reform (first published by the European Commission on 23 November 2016) of 20 May 2019 (the “**EU Banking Reforms**”)) do not allow the Terms and Conditions of the Notes to permit the Noteholders to accelerate payments under the Notes or to decide on early redemption of the Notes in other cases than in the event of the Issuer’s insolvency or liquidation.

As a result of the regulatory restrictions applicable to these Notes, there are no events of default applicable in relation to the Notes and the Noteholders do not have the right to accelerate payments of interest or principal under the Notes otherwise than in case of insolvency of the Issuer, and the Noteholders do not have the right to or request early redemption of the Notes upon a breach of the Terms and Conditions of the Notes, in particular not even when the Issuer fails to pay duly and in time the interest on, and repay the principal of, the Notes or if the Issuer fails to satisfy any other obligations associated with the Notes.

The rights of holders of the Senior Subordinated Notes, the Tier 2 Subordinated Notes and the MREL Notes to accelerate payments or request early redemption are more limited than is usual with notes generally, and the holders of the Notes are thus exposed to a higher risk in the enforcement of their claims associated with the Notes.

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

The Senior MREL Notes, Senior Non-Preferred MREL 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 MREL 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 Senior Subordinated Notes, the Tier 2 Subordinated Notes and MREL Notes may not be redeemed at the option of the Noteholders

Holders of the Senior Subordinated Notes, the Tier 2 Subordinated Notes and the MREL Notes will have no rights at their option to call for the early redemption of their Tier 2 Subordinated Notes and their MREL Notes (no investor put).

Therefore, potential investors should not invest in the Senior Subordinated Notes, the Tier 2 Subordinated Notes and the MREL Notes in the expectation that they have an early redemption right. Furthermore, Noteholders of the Senior Subordinated Notes, the Tier 2 Subordinated Notes and the MREL Notes should be aware that they may be required to bear the financial risks of an investment in the Senior Subordinated Notes, the Tier 2 Subordinated Notes and the MREL Notes until their final maturity.

For details and considerations relating to the absence of early redemption rights of Noteholders upon an event of default of the Issuer, see also “*There are no events of default applicable in relation to the Senior Subordinated Notes, the Tier 2 Subordinated Notes and the MREL Notes, their Noteholders do not have the right to accelerate payments or to request early redemption upon a breach of the Terms and Conditions of the Notes, in particular not even upon a default in payments*” above.

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 Senior Subordinated Notes, T2 Subordinated Notes or Senior Non-Preferred MREL 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.

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.

The terms of Notes (other than Ordinary Senior Notes) contain a no set-off clause

The Terms and Conditions of the Notes other than Ordinary Senior 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.

Substitution or variation of certain Notes

If Substitution and Variation is specified in the relevant Final Terms as being applicable to the Notes and certain regulatory or taxation events occur, or to ensure the effectiveness or enforceability of the recognition of statutory bail-in and loss absorption powers, the Issuer may (subject to compliance with conditions stipulated by the Terms and Conditions of the Notes) without the need for any consent of the Noteholders substitute all (but not some only) of the Notes for, or vary the terms of all (but not some only) of the Notes so that the Notes remain or become Qualifying Notes.

No assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. There can also be no assurance that the terms of any Qualifying Notes will be viewed by the market as equally favourable to Noteholders, that such Qualifying Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms, or that the prices of the Notes subject to the substitution or variation will not be negatively affected by a notified or planned substitution or variation. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution or variation.

The application of the net proceeds of Sustainable Bonds (or an amount equal thereto) as described in “Use of Proceeds” might not meet investor expectations or be (or remain) suitable for an investor’s investment criteria

Notes may be issued as Sustainable Bonds (as defined below). The applicable Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer’s intention to apply an amount equal to the net proceeds from an offer of those Notes (such Notes being “**Sustainable Bonds**”) specifically for eligible projects and activities that are in line with the Sustainable Finance Framework (as further described in the section of this Base Prospectus entitled “*Use of Proceeds*” (“**Eligible Projects**”)). The Issuer may request, on an annual basis, starting one year after the issuance of any such Notes and until full allocation, a limited assurance report of the allocation of an amount equivalent to the net proceeds to the Eligible Projects, provided by a qualified external party. Prospective investors should consider the information set out in the section “*Use of Proceeds*” and determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary (including a review of the then-applicable Sustainable Finance Framework). In particular, no assurance is given by the Issuer, the Group or any of the Dealers that the use of such proceeds for any Eligible Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Projects. In addition, the Sustainable Finance Framework can be amended by the Issuer from time to time.

No assurance can be given that Eligible Projects will meet investor expectations or requirements regarding such “green”, “sustainable”, “social” or similar labels. The EU’s proposed regulation on the establishment of a framework to facilitate sustainable investment (the “**EU Taxonomy**”), which is subject to a phased implementation, may provide some definition for such topics within the EU. However, the full scope and applicability of the EU Taxonomy, as well as exactly when it will take effect, remains uncertain. Accordingly, no assurance is or can be given (whether by the Issuer, the Dealers or any other person) to any investor in such Notes that: (a) any financing and/or refinancing of the loans in the Eligible Loan Portfolio will meet all or any of such investor’s expectations regarding any “green”, “social”, “sustainability” or similarly labelled performance objectives or investment criteria, (b) any adverse environmental, social and/or other impacts will not occur during the implementation of any such financing and/or refinancing or (c) the Sustainable Finance Framework will be aligned with the EU Taxonomy or any other sustainability framework. Each prospective investor should take into account the factors described in the Issuer’s Sustainable Finance Framework and the relevant information contained in this Base Prospectus and seek advice from their independent financial adviser or other professional adviser regarding its purchase of Notes issued as Sustainable Bonds before deciding to invest. The Issuer’s Sustainable Finance Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Prospectus. The Issuer’s Sustainable Finance Framework does not form part of, nor is incorporated by reference, in this Base Prospectus.

While it is the intention of the Issuer to allocate an amount equal to the net proceeds of any Notes issued as Sustainable Bonds for Eligible Projects, there is no contractual obligation to do so. There can be no assurance that any such Eligible Projects will be available or capable of being implemented in the manner and timeframe anticipated. In addition, there can be no assurance that Eligible Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. None of (i) a failure by the Issuer to allocate the proceeds of any Notes issued as Sustainable Bonds or (ii) a failure of a third party to issue (or to withdraw) an opinion or certification in connection with an issue of Sustainable Bonds or (iii) the failure of the Notes issued as Sustainable Bonds to meet investors’ expectations requirements regarding any “green”, “sustainable”, “social” or similar labels will constitute an Event of Default with respect to any of the Notes issued as Sustainable Bonds.

The net proceeds (or an amount equivalent to such net proceeds) of the issue of any Sustainable Bonds which, from time to time, are not allocated as funding for Eligible Projects are intended to be held by the Issuer and pending allocation, any such unallocated amounts will be invested in accordance with Issuer’s liquidity guidelines, for the repayment of indebtedness, other capital management purposes or for the financing of green activities.

No assurance of suitability or reliability of any Second Party Opinion or any other opinion or certification of any third party relating to any Sustainable Bonds

The Second Party Opinion which provides an opinion on certain environmental and related considerations is a statement of opinion, not a statement of fact. No representation or assurance is given as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with an issue of Notes issued as Sustainable Bonds. The Second Party Opinion and any other such opinion or certification is not intended to address any credit, market or other aspects of any investment in any Note, including without limitation market price, marketability, investor preference or suitability of any security or any other factors that may affect the value of such Notes. Any such opinion or certification is not a recommendation to buy, sell or hold any such Notes and is current only as of the date it was issued.

The criteria and/or considerations that formed the basis of the Second Party Opinion and any other such opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. As at the date of this Base Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference in, this Base Prospectus.

In light of the continuing development of legal, regulatory and market conventions, no assurance is or can be given by the Issuer, the Group or the Dealers to investors that any projects or uses the subject of, or related to, any Eligible Projects will meet any or all investor expectations regarding such “green”, “sustainable”, “social” or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Projects. In addition, no assurance can be given by the Issuer, the Group, the Dealers or any other person to investors that any Sustainable Bonds will comply with any future standards or requirements regarding any “green”, “social”, “sustainable” or other equivalently-labelled performance objectives and, accordingly, the status of any Sustainable Bonds as being “green”, “social” or “sustainable” (or equivalent) could be withdrawn at any time.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion (including the Second Party Opinion (as discussed in “*Use of Proceeds*” below), which for the avoidance of doubt, is not incorporated in, and does not form part of this Base Prospectus) or certification of any third party (including the Second Party Opinion provider, whether or not solicited by the Issuer) which may be made available in connection with the issue of any Sustainable Bonds and in particular with any Eligible Projects to fulfil any environmental, social and governance (“ESG”) and/or other criteria. For the avoidance of doubt, any such report, assessment, opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such report, assessment, opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Group, any of the Dealers or any other person to buy, sell or hold any such Sustainable Bonds or that any Eligible Projects fulfil any ESG and/or other criteria. Any such report, assessment, opinion or certification is only current as of the date that report, assessment, opinion or certification was initially issued. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such report, assessment, opinion or certification for the purpose of any investment in such Sustainable Bonds. Currently, the providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or regulatory or other regime.

No assurance that Sustainable Bonds will be admitted to trading on any dedicated “green”, “sustainable”, “social” (or similar) segment of any stock exchange or market, or that any admission obtained will be maintained

Application has been made for Notes (which may include Sustainable Bonds) 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. Notes (which may include Sustainable Bonds) may be listed or admitted to trading on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. However, in the event that any Sustainable Bonds are listed or admitted to trading on any dedicated ESG or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated) or included in an ESG bond index, no representation or assurance is given by the Issuer, the Group, any of the Dealers or any other person that such listing, admission, or inclusion satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or assets or uses, the subject of or related to, any Eligible Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Issuer, the Group any of the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

If any of the risks outlined in this risk factor materialise this have a material adverse effect on the value of such Notes and potentially the value of any other Notes which are intended to finance or re-finance Eligible Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for or towards a particular purpose.

None of the Dealers or the Agents will verify or monitor the proposed use of proceeds of Notes issued under the Programme.

Sustainable Bonds are not linked to the performance of the Eligible Projects, do not benefit from any arrangements to enhance the performance of the Notes or any contractual rights derived solely from the intended use of proceeds of such Notes

The performance of Sustainable Bonds is not linked to the performance of the relevant Eligible Projects or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Sustainable Bonds and the relevant Eligible Projects. Consequently, neither payments of principal and/or interest on Sustainable Bonds nor any rights of Noteholders will depend on the performance of the relevant Eligible Projects or the performance of the Issuer in respect of any such environmental or similar targets. Holders of any Sustainable Bonds will have no preferential rights or priority against the assets of any Eligible Project nor benefit from any arrangements to enhance the performance of the Notes.

Risks relating to the Tier 2 Subordinated Notes

Holders of the Tier 2 Subordinated Notes are exposed to the risk that the Issuer may issue further debt instruments or incur further liabilities

There are no restrictions (contractual or otherwise) on the amount of ordinary secured or unsecured liabilities that the Issuer may (or may have to) issue, borrow and/or incur, ranking *pari passu* with, or senior to, the Tier 2 Subordinated Notes.

Any issue of such instruments and/or any incurring of such liabilities generally increases the risk that the Issuer will not be able to pay its debts under the Tier 2 Subordinated Notes and may reduce the amount (including to zero) recoverable by Noteholders of the Tier 2 Subordinated Notes upon the Issuer's insolvency.

In the event of exercise of the crisis resolution measure of write-down and conversion of liabilities, all lower-ranking claims against the Issuer will have to be written-down or converted before the write-down and conversion of the higher-ranking claims. As a result, the issuance of debts ranking higher than the Tier 2 Subordinated Notes may increase the losses of holders of the Tier 2 Subordinated Notes if such measures are exercised. In the same way, issuance of *pari passu* debts to the Tier 2 Subordinated Notes may increase the losses of the holders of the Tier 2 Subordinated Notes proportionally.

Given the subordinated status of the Tier 2 Subordinated Notes, this risk is significantly higher than in the case of other Notes or any other unsubordinated debt issued by the Issuer.

The Tier 2 Subordinated Notes may be redeemed at any time for reasons of taxation or regulatory reasons

The Issuer may at its sole discretion, early redeem the Tier 2 Subordinated Notes before their stated maturity (also before five years after the date of their issuance), at any time (if such right is foreseen in the applicable Final Terms) either for reasons of taxation or for regulatory reasons, if certain conditions are fulfilled.

The Tier 2 Subordinated Notes are intended to qualify as Tier 2 Capital. If due to a change in law the obligations under the Tier 2 Subordinated Notes are not, or in the future will not be, eligible for inclusion in the Tier 2 Capital, and if other conditions stipulated in the Terms and Conditions of the Notes are met, the Issuer may redeem the Tier 2 Subordinated Notes early.

The Issuer also may, if due to a change in law the applicable tax regime worsens for the Issuer (as specifically described in Condition 8.2 of the Terms and Conditions of the Notes) and if other conditions stipulated in the Terms and Conditions of the Notes are met, redeem the relevant Tier 2 Subordinated Notes early.

The classification of the debts associated with the Tier 2 Subordinated Notes for regulatory purposes for the entire duration of these debts up to their final maturity is uncertain due to changes to the applicable banking regulations or in the applicable tax regime. Therefore, it is impossible to foresee whether and when these events triggering the early redemption right of the Issuer occur, and if they do, whether the Issuer will exercise the right to redeem the Tier 2 Subordinated Notes early (although generally, the Issuer can be expected to exercise its optional call right if the yield on comparable Notes in the capital market has fallen, and the Issuer can be expected not to exercise its optional call right if the yield on comparable Notes in the capital market has increased).

If the Issuer redeems the Tier 2 Subordinated Notes early, it may adversely affect the Noteholders with respect to their investment strategies and intentions, planning of use of available funds, because after the early redemption of the Tier 2 Subordinated Notes interest will no longer accrue on the Tier 2 Subordinated Notes or because the Noteholder will not be able to reinvest the redemption proceeds with comparable yield. Furthermore, the early redemption right of the Issuer or its exercise may also adversely affect the value of the Tier 2 Subordinated Notes, in particular if such an event can be expected, the market value of the Tier 2 Subordinated Notes would generally not significantly rise above the value for which the Tier 2 Subordinated Notes may be redeemed early.

Additionally, no holder of the Tier 2 Subordinated Notes that is put at a disadvantage by the early redemption of the Tier 2 Subordinated Notes will have the right to request compensation for any consequences of the exercise of such rights by

the Issuer on its tax liability, in particular to request damages from the Issuer, the Issuing and Principal Paying Agent, or any other person. The risk of exercise of these rights by the Issuer may affect the value of the Notes or the return on investment of the holders of the Tier 2 Subordinated Notes.

Any rights of the Issuer to early redeem or repurchase the Tier 2 Subordinated Notes are subject to the prior permission of the Competent Authority

Potential investors should not invest in the Tier 2 Subordinated Notes in the expectation that any early redemption right will be exercised by the Issuer.

The Issuer may, at its sole discretion, early redeem the Tier 2 Subordinated Notes at any time (if such right is foreseen in the applicable Final Terms) either for reasons of taxation or regulatory reasons, if certain conditions are fulfilled. In addition, if such right is foreseen in the Terms and Conditions of the Notes, the Issuer may at its sole discretion redeem the Tier 2 Subordinated Notes before their stated maturity, but not before five years after the date of their issuance, on specified call redemption dates.

However, any early redemption and any repurchase of the Tier 2 Subordinated Notes is subject to the prior permission of the Competent Authority, all if and as applicable from time to time to the Issuer. Under the CRR Regulation, the Competent Authority may only permit institutions to early redeem or repurchase instruments eligible for inclusion in the Tier 2 Capital (such as the Tier 2 Subordinated Notes) if certain conditions prescribed by the CRR Regulation are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the Competent Authority in its assessment of whether or not to permit any early redemption or repurchase. It is uncertain how the Competent Authority will apply these criteria in practice and such rules and standards may change during the maturity of the Tier 2 Subordinated Notes. It is therefore difficult to predict whether, and if so, on what terms, the Competent Authority will grant its prior permission for any early redemption or repurchase of the Tier 2 Subordinated Notes.

Furthermore, even if the Issuer would be granted the prior permission of the Competent Authority, any decision by the Issuer as to whether it will early redeem the Tier 2 Subordinated Notes will be made at the sole discretion of the Issuer with regard to external factors (such as the economic and market impact of exercising an early redemption right, regulatory capital requirements and prevailing market conditions). The Issuer disclaims, and investors should therefore not expect (and not invest in the expectation), that the Issuer will exercise any early redemption right in relation to the Tier 2 Subordinated Notes.

Market making by the Issuer for the Tier 2 Subordinated Notes is subject to the prior permission of the Competent Authority and certain conditions and thresholds

The Tier 2 Subordinated Notes may be repurchased by the Issuer (also for market making purposes) only subject to certain conditions, such as the prior permission of the Competent Authority, and within certain thresholds.

These conditions and thresholds restrict the Issuer's possibility for market making for the Tier 2 Subordinated Notes. Such restrictions may have a negative impact on the liquidity of the Tier 2 Subordinated Notes and may lead to inadequate or delayed market prices for the Tier 2 Subordinated Notes.

Risks relating to the MREL Notes

Noteholders of the MREL Notes are exposed to the risk that the Issuer may issue further debt instruments or incur further liabilities

There are no restrictions (contractual or otherwise) on the amount of ordinary unsecured (preferred or non-preferred), subordinated debt or other liabilities that the Issuer may (or may have to) issue, borrow and/or incur, ranking pari passu with, or senior to, the MREL Notes.

Any issue of such instruments and/or any incurrence of such liabilities may reduce the amount (including to zero) recoverable by Noteholders of the MREL Notes upon the Issuer's insolvency.

In the event any resolution or crisis prevention measures are exercised against the Issuer, namely upon a write-off and conversion of liabilities or the write-off and conversion of capital instruments that may be written-off, all lower-ranking claims against the Issuer will have to be written-off or converted before the write-off and conversion of the higher-ranking claims. As a result, the issuance of debts ranking higher than the MREL Notes may unexpectedly increase the losses of holders of the MREL Notes if such measures are exercised. In the same way, issuance of pari passu debts to the MREL Notes may increase the losses of the holders of the MREL Notes proportionally as well.

Given the status of the Senior Non-Preferred MREL Notes and Senior Subordinated Notes, the risk is significantly higher than in the case of the Senior MREL Notes or other unsubordinated debt that does not constitute non-preferred senior instruments.

The MREL Notes may be redeemed at any time for reasons of taxation or regulatory reasons

The Issuer may, at its sole discretion, early redeem the MREL Notes before their stated maturity, at any time (if such right is foreseen in the Final Terms) for reasons of taxation or (if such right is foreseen in the Final Terms) for regulatory reasons, if certain conditions, including a prior permission of the resolution authority, are fulfilled.

The MREL Notes are intended to qualify as eligible for inclusion in MREL. If due to a change in law the obligations for the repayment of the principal of the MREL Notes are not, or in the future will not be, eligible for inclusion in MREL, and if other conditions stipulated in the Terms and Conditions of the Notes are met, the Issuer may at any time redeem the MREL Notes early.

The Issuer further may, if due to a change in law the applicable tax regime worsens for the Issuer (as specifically described in Condition 8 (*Redemption and Purchase*)) and if other conditions stipulated in the Terms and Conditions of the Notes are met, also at any time redeem the relevant MREL Notes early.

The classification of the debts associated with the MREL Notes as eligible for inclusion in MREL for the entire duration of these debts up to their final maturity is uncertain due to the time-varying applicable banking regulations. Similarly, the tax regime applicable to the Issuer related to the Notes changes over time. Therefore, it is impossible to foresee whether and when these events triggering the early redemption right of the Issuer occur, and if they do, whether the Issuer will exercise the right to redeem the MREL Notes early (although generally, the Issuer can be expected to exercise its optional call right if the yield on comparable Notes in the capital market has fallen, and the Issuer can be expected not to exercise its optional call right if the yield on comparable Notes in the capital market has increased).

If the Issuer redeems the relevant MREL Notes early, it may adversely affect the Noteholders with respect to their investment strategies and intentions, planning of use of available funds, because after the early redemption of the MREL Notes interest will no longer accrue on the MREL Notes or because the Noteholder will not be able to reinvest the redemption proceeds with comparable yield. Furthermore, the early redemption right of the Issuer or its exercise may also adversely affect the value of the MREL Notes, in particular if such an event can be expected, the market value of the MREL Notes would generally not significantly rise above the value for which the MREL Notes may be redeemed early.

Additionally, no holder of the MREL Notes that is put at a disadvantage by the early redemption of the MREL Notes will have the right to request compensation for any consequences of the exercise of such rights by the Issuer on its tax liability, in particular to request damages from the Issuer, the Issuing and Principal Paying Agent, or any other person. The risk of exercise of these rights by the Issuer may affect the value of the MREL Notes or the return on investment of the holders of the MREL Notes.

Any rights of the Issuer to early redeem or repurchase the MREL Notes are subject to the prior permission of the resolution authority

Potential investors should not invest in the MREL Notes in the expectation that any early redemption right will be exercised by the Issuer.

The Issuer may, at its sole discretion, early redeem the MREL Notes at any time (if such right is foreseen in the applicable Final Terms) either for reasons of taxation or for regulatory reasons, if certain conditions are fulfilled. In addition, if such right is foreseen in the Final Terms, the Issuer may at its sole discretion redeem the relevant MREL Notes before their stated maturity on a specified call redemption date.

However, any early redemption and any repurchase of the MREL Notes is subject to the prior permission of the resolution authority, all if and as applicable from time to time to the Issuer. Under the CRR Regulation, the resolution authority may only permit institutions to early redeem or repurchase instruments eligible for inclusion in MREL (such as the MREL Notes) if certain conditions prescribed by the CRR Regulation are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the resolution authority in its assessment of whether or not to permit any early redemption or repurchase. It is uncertain how the resolution authority will apply these criteria in practice and such rules and standards may change during the maturity of the MREL Notes. It is therefore difficult to predict whether, and if so, on what terms, the resolution authority will grant its prior permission for any early redemption or repurchase of the relevant MREL Notes.

Furthermore, even if the Issuer would be granted the prior permission of the resolution authority, any decision by the Issuer as to whether it will early redeem the relevant MREL Notes will be made at the sole discretion of the Issuer with regard to external factors (such as the economic and market impact of exercising an early redemption right, regulatory capital requirements and prevailing market conditions). The Issuer disclaims, and investors should therefore not expect (and not invest in the expectation), that the Issuer will exercise any early redemption right in relation to the relevant MREL Notes.

The MREL Notes are a recent type of notes that has only a limited and short trading history

The MREL Notes, and especially the Senior Non-Preferred MREL Notes are a new type of notes, explicitly foreseen by legislation only lately in Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017. Trading of the MREL Notes has only a limited and short history. Market participants, including credit rating agencies, have limited experience in assessing the risks associated with the type of claims, which are associated with the MREL Notes. Therefore, the possible rating of these Notes may change with a change of approach of credit rating agencies to this type of Notes, and their value may vary significantly according to increasing amounts of experience with this type of Notes. It cannot be ruled out that the value of the MREL Notes compared to the value expected at their issue will be lower over time for the above reasons, and thus that the holders of these Notes will suffer losses on their investments.

Market making by the Issuer for the MREL Notes is subject to the prior permission of the resolution authority and certain conditions and thresholds.

The MREL Notes may be repurchased by the Issuer (also for market making purposes) only subject to certain conditions, such as the prior permission of the resolution authority, and within certain thresholds.

These conditions and thresholds restrict the Issuer's possibility for market making for the MREL Notes. Such restrictions may have a negative impact on the liquidity of the MREL Notes and may lead to inadequate or delayed market prices for the MREL Notes.

Risks related to the specific Terms and Conditions of the Notes

Fixed Rate Notes

A Noteholder with a fixed rate of interest (the “**Fixed Rate Notes**”) is exposed to the risk that the price of such Note fluctuates as a result of changes in the current market interest rate on the capital market for issues of the same maturity (the “**Market Interest Rate**”). While the nominal interest rate of a Fixed Rate Note as specified in the applicable Final Terms is fixed during the life of such Note, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of a Fixed Rate Note also changes, but in the opposite direction. If the Market Interest Rate increases, the price of a Fixed Rate Note typically falls, until the yield of such Note is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a Fixed Rate Note typically increases, until the yield of such Note is approximately equal to the Market Interest Rate. If Noteholders of Fixed Rate Notes hold such Notes until maturity, changes in the Market Interest Rate are without relevance to such Noteholders as the Notes will be redeemed at a specified redemption amount, usually the principal amount of such Notes.

Fixed to Floating Rate Notes

Fixed to Floating Rate Notes bear interest at a rate that converts from a fixed rate to a floating rate. Such conversion may affect the secondary market and the market value of the Notes. The spread on the Fixed to Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other Notes.

Floating to Fixed Rate Notes

Floating to Fixed Rate Notes bear interest at a rate that converts from a floating rate to a fixed rate. Such conversion may affect the secondary market and the market value of the Notes. A Noteholder of Floating to Fixed Rate Notes is exposed to the risk that the fixed interest rate may be lower than the then prevailing interest rates payable on the Notes.

Zero Coupon Notes

Zero Coupon Notes do not pay interest periodically. Instead, the difference between the redemption price and the issue price constitutes interest income until maturity. A holder of Zero Coupon Notes is exposed to the risk that the price of such Notes fluctuates as a result of changes in the Market Interest Rate. Prices of Zero Coupon Notes are more volatile than prices of Fixed Rate Notes and are likely to respond to a greater degree to Market Interest Rate changes than interest bearing Notes with a similar maturity.

In addition, there is no gross-up obligation of the Issuer on payments in respect of Zero Coupon Notes, as stipulated in Condition 9 (*Taxation*).

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.

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 to 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 to 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.

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.

Regulation (EU) 2016/1011 (the “**EU Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (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. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the discontinuance or unavailability of quotes of certain “benchmarks”.

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

Furthermore, as described in detail in “*Risk Factors— The way in which a variable interest rate is determined may be changed*” In July 2022, the NGR for the reform of benchmarks was established to determine the benchmark that will replace WIBOR. The NGR is composed of the representatives of the Ministry of Finance, 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, WIRON (Warsaw Interest Rate Overnight). Under the roadmap, financial products based on WIRON will be introduced in 2023 and WIBOR will be withdrawn in 2025. As the roadmap is solely a non-binding step plan, the actual milestones may occur on different dates depending on market readiness and the actual progress of the work. Therefore, it remains uncertain as to how long WIBOR will continue in its current form.

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

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

Risk of early redemption

The applicable Final Terms will indicate whether the Issuer will have the right to call a certain series of Notes prior to maturity (optional call right) on one or several dates determined beforehand whether the Issuer does not have the right to call such Notes at all or whether such Notes will be subject to early redemption upon the occurrence of an event indicated in the applicable Final Terms (early redemption event).

If the Issuer redeems Notes prior to their maturity or Notes are subject to early redemption due to an early redemption event, a holder of such Notes is exposed to the risk that due to such early redemption its investment will have a lower than expected yield. The Issuer can be expected to exercise its optional call right if the yield on comparable Notes in the capital market has fallen which means that the investor may only be able to reinvest the redemption proceeds in comparable Notes with a lower yield. On the other hand, the Issuer can be expected not to exercise its optional call right if the yield on comparable Notes in the capital market has increased. In this event an investor will not be able to reinvest the redemption proceeds in comparable Notes with a higher yield. It should be noted, however, that the Issuer may exercise any optional call right irrespective of Market Interest Rates on a call date.

Noteholders may be subject to the risk that interest and/or redemption proceeds received from an investment in the Notes may not in the event of early redemption of any Notes be able to be reinvested in such a way that they earn the same rate of return as the redeemed Notes.

For further specific risk aspects in connection with an early redemption of the Notes see also “- *Particular risks relating to the Tier 2 Subordinated Notes - The Tier 2 Subordinated Notes may be redeemed at any time for reasons of taxation or regulatory reasons*” and “- *Particular risks relating to the MREL Notes - The MREL Notes may be redeemed at any time for reasons of taxation or regulatory reasons*”.

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

The Terms and 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.

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 MREL 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.

Risks relating to the market generally

Liquidity risk

Application for the Programme has been made in order for any Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange, to be traded on the Regulated Market of the Luxembourg Stock Exchange and application may be made to admit the Notes on any other stock exchange. In addition, the Programme provides that Notes may not be listed at all. Regardless of whether the Notes are listed or not, there can be no assurance that any liquid secondary market for the Notes will develop and the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Issuer's operating results, the market for similar securities and other factors, including general economic conditions, performance and prospects, as well as recommendations of securities analysts. The liquidity of, and the trading market for, the Notes may also be adversely affected by declines in the market for debt securities generally. Such a decline may affect any liquidity and trading of the Notes regardless of the Issuer's financial performance and prospects.

The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. If the Notes are not listed on any stock exchange, pricing information for such Notes may, however, be more difficult to obtain, which may affect the liquidity of the Notes adversely. In an illiquid market, an investor might not be able to sell its Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

Investors should note that difficult global credit market conditions may adversely affect the liquidity not only in the primary market but also in the secondary market for debt securities issued by the Issuer and may affect the liquidity of any primary or secondary market in which Notes to be issued by the Issuer may be traded. The Issuer cannot predict when these circumstances will change.

Market price risk – the market price of the Notes may be volatile

The development of market prices of the Notes depends on various factors, such as changes of levels of the Market Interest Rate, development of an underlying, the policy of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. The Noteholder is therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if it sells the Notes prior to the final maturity of such Notes. If the Noteholder decides to hold the Notes until final maturity the Notes shall be redeemed at the amount set out in the relevant Final Terms.

Noteholders of Fixed Rate Notes are particularly exposed to the risk that if the market interest rates subsequently increase above the rate paid on such Notes, this will adversely affect the value of the Fixed Rate Notes. See "*Risks relating to the specific Terms and Conditions of Notes - Fixed Rate Notes*" for further details.

Noteholders of Floating Rate Notes are particularly exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the profitability of Floating Rate Notes in advance. Neither the current nor the historical value of the relevant floating rate should be taken as an indication of the future development of such floating rate during the term of any Notes.

Noteholders of Zero Coupon Notes are exposed to the risk that the price of the Notes falls as a result of changes in the Market Interest Rate. Prices of Zero Coupon Notes are more volatile than prices of Fixed Rate Notes and are likely to respond to a greater degree to Market Interest Rate changes than interest bearing Notes with a similar credit risk and a similar maturity.

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.

Credit ratings assigned to the 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 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. Any suspension, reduction or withdrawal of the credit rating assigned to the Notes could adversely affect the value and trading of such Notes.

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. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

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

The Notes are not covered by any (statutory or voluntary) deposit guarantee scheme

Claims of the Noteholders under the Notes are not covered by the statutory deposit protection. Such Noteholders’ claims may only be satisfied in the ranking described in the Terms and Conditions of the Notes. Therefore, in such case and upon the insolvency of the Issuer, Noteholders could be subject to the risk of a significant loss of their investment in the Notes.

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

The Terms and 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.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes “forward-looking statements”. All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the Issuer’s financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will” and similar terms and phrases, including references to assumptions.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results to be materially different from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following:

- economic and financial market conditions, in particular, the Polish and European economies;
- performance of financial markets;
- negative occurrences in the markets in which the Issuer’s loan portfolio is concentrated;
- the negative impact of the COVID-19 pandemic;
- volatility in interest rates;
- a downgrade in the Polish Republic’s or the Issuer’s credit ratings;
- operational risk;
- credit and counterparty risk;
- liquidity risk and adverse capital and credit market conditions;
- general competitive conditions locally, regionally, nationally and/or internationally;
- the Issuer’s inability to manage risks through derivatives;
- the occurrence of catastrophic events, terrorist attacks and similar events;
- significant adverse regulatory developments;
- an interruption, failure or breach of the Issuer’s operational system including the Issuer’s IT systems and other systems on which it depends;
- changes in laws or regulations;
- the ineffectiveness of the Issuer’s risk management policies and procedures; and
- failure to deliver by third parties to which the Issuer has outsourced certain functions.

The Issuer’s risks are more specifically described under “*Risk Factors*”. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, the Issuer’s actual results, performance or achievements or industry results may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer’s present and future business strategies and the environment in which the Issuer will operate in the future. These forward-looking statements speak only as of the date of this Base Prospectus (or any supplement hereto) or as of such earlier date at which such statements are expressed to have been given. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein (or in any supplement) to reflect any change in the Issuer’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the English translation of the Q3 2023 Consolidated Financial Statements published on the Issuer's website <https://www.pekao.com.pl/dam/jcr:1953df4f-44ae-4488-858a-039b9d9a7be5/Report%20of%20%20Bank%20Pekao%20S.A.%20Group%20for%20the%20third%20quarter%20of%202023.pdf>, including in particular:

Consolidated income statement	p. 50* of the Q3 2023 Consolidated Financial Statements
Consolidated statement of comprehensive income	p. 51* of the Q3 2023 Consolidated Financial Statements
Consolidated statement of financial position	p. 52* of the Q3 2023 Consolidated Financial Statements
Consolidated statement of changes in equity	p. 53-55* of the Q3 2023 Consolidated Financial Statements
Consolidated cash flow statement	p. 56-57* of the Q3 2023 Consolidated Financial Statements
Notes to the consolidated financial statements	p. 66-104* of the Q3 2023 Consolidated Financial Statements

* The pages numbers are consistent with the page numbering used in the pdf file containing the Q3 2023 Consolidated Financial Statements published on the website of the Issuer: <https://www.pekao.com.pl/dam/jcr:1953df4f-44ae-4488-858a-039b9d9a7be5/Report%20of%20%20Bank%20Pekao%20S.A.%20Group%20for%20the%20third%20quarter%20of%202023.pdf>.

- (b) the English translation of the 2022 Consolidated Financial Statements, published on the Issuer's website https://www.pekao.com.pl/dam/jcr:1a56e478-6f12-4d20-8f13-fdc59df9354f/Consolidated_FS_Bank_Pekao_Group_31.12.2022.pdf, including in particular:

Consolidated income statement	p. 4 of the 2022 Consolidated Financial Statements
Consolidated statement of comprehensive income	p. 5 of the 2022 Consolidated Financial Statements
Consolidated statement of financial position	p. 6 of the 2022 Consolidated Financial Statements
Consolidated statement of changes in equity	p. 7-8 of the 2022 Consolidated Financial Statements
Consolidated cash flow statement	p. 9-10 of the 2022 Consolidated Financial Statements
Notes to the consolidated financial statements	p. 11-163 of the 2022 Consolidated Financial Statements

- (c) the English translation of the independent auditors' report on the 2022 Consolidated Financial Statements published on the Issuer's website https://www.pekao.com.pl/dam/jcr:1c547690-3ae3-4ed8-9f54-b5833c087082/Bank_Pekao_S.A._Independent_Auditors_Report_SSF_31122022_ENG.xhtml;

- (d) the English translation of the 2021 Consolidated Financial Statements published on the Issuer's website https://www.pekao.com.pl/dam/jcr:8800e3b7-66e9-42c8-ab41-bc74508c3756/Consolidated_Financial_Statements_of_Bank_Pekao_Group_31.12.2021.pdf, including in particular:

Consolidated income statement	p. 4 of the 2021 Consolidated Financial Statements
Consolidated statement of comprehensive income	p. 5 of the 2021 Consolidated Financial Statements
Consolidated statement of financial position	p. 6 of the 2021 Consolidated Financial Statements
Consolidated statement of changes in equity	p. 7-8 of the 2021 Consolidated Financial Statements
Consolidated cash flow statement	p. 9-10 of the 2021 Consolidated Financial Statements
Notes to the consolidated financial statements	p. 11-167 of the 2021 Consolidated Financial Statements

- (e) the English translation of the independent auditors' report on the 2021 Consolidated Financial Statements published on the Issuer's website https://www.pekao.com.pl/dam/jcr:f03dc21b-46d2-4c2c-801f-8b24d466e703/Pekao_B013AN_Sprawozdanie_z_badania_SSF_31122021_ENG.xhtml.

The documents indicated above that are incorporated by reference in this Base Prospectus are 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. The terminology used in this Base Prospectus is consistent with the Consolidated Financial Statements incorporated by reference into this Base Prospectus. The difference in the terminology used in the independent auditors' report on the 2022 Consolidated Financial Statements and the English language version (translation) of the Consolidated Financial Statements results from the fact that the independent auditors' report on the 2022 Consolidated Financial Statements has been prepared by KPMG in line with IAS 1, while the translation of the Consolidated Financial Statements has been prepared by the Bank. Although the terms used in the above mentioned documents differ slightly, the terminology used in both of these documents properly reflects the nature of the respective statements and allows for a proper matching of the statements disclosed in the Consolidated Financial Statements and the respective statements referred to in the independent auditors' report on the 2022 Consolidated Financial Statements.

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 information and/or documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus, either expressly or implicitly, shall not form 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.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London. The documents incorporated by reference in this Base Prospectus will also be available from the website of the Luxembourg Stock Exchange (www.luxse.com).

For at least ten years from the date of this Base Prospectus, a copy of any document containing the information incorporated by reference in this Base Prospectus can be obtained from the Issuer's website at <https://www.pekao.com.pl/en/investors-relations.html>. 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.

SUPPLEMENTS TO THE 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 and which arises during the validity period specified below, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of the Notes.

If the terms of the Programme are modified or amended in a manner that would make this Base Prospectus, as supplemented, inaccurate or misleading, a new Base Prospectus or supplement will be prepared.

If, at any time following the publication of this Base Prospectus, the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation, the Issuer shall prepare and make available an appropriate supplement to this Base Prospectus as required by Article 23 of the Prospectus Regulation. The statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify the statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified shall not, except as so modified, constitute a part of this Base Prospectus.

The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Base Prospectus is no longer valid. For this purpose, “valid” means valid for making admissions to trading on a regulated market by or with the consent of the Issuer and the obligation to supplement this Base Prospectus is only required within its period of validity between the time when this Base Prospectus is approved and the time when trading on a regulated market begins, whichever occurs later.

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 and Registered Notes will be issued outside the United States in reliance on the exemption from registration provided by Regulation S under the Securities Act (“**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:

- (i) 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
- (ii) 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 either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. 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 or for definitive Bearer Notes is improperly withheld or refused.

The option for an issue of Bearer Notes to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Notes should not be expressed to be applicable in the applicable Final Terms if the Bearer Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency).

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 any distribution compliance period (as defined in Regulation S under the Securities Act) that may be 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 the 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 13 November 2023 and executed by the Issuer.

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 of the Notes. 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 Bank Polska Kasa Opieki Spółka Akcyjna (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 13 November 2023 and made between the Issuer, The Bank of New York Mellon, London Branch as issuing and principal paying agent (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 of the Notes (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 and the Notes are subject to, and have the benefit of a deed of covenant executed by the Issuer dated 13 November 2023 (as modified and/or supplemented and/or restated from time to time, the “**Deed of Covenant**”). The original of the Deed of Covenant is held by the common depositary 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 MREL Note, a Senior Non-Preferred MREL 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 8 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**”), the Senior MREL Notes (the “**Senior MREL Notes**” and together with the Ordinary Senior Notes, the “**Senior Notes**”), Senior Non-Preferred MREL Notes (the “**Senior Non-Preferred MREL Notes**”), Senior Subordinated Notes (the “**Senior Subordinated Notes**”) or Tier 2 Subordinated Notes (the “**Tier 2 Subordinated Notes**”).

3.1 Status of the Senior Notes

This Condition 3.1 is applicable in relation to Notes specified in the applicable Final Terms as being Ordinary Senior Notes or 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. If the Notes are specified in the applicable Final Terms as being Senior MREL Notes, they are intended to qualify as MREL Eligible Liabilities. 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 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 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 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 Senior Notes in accordance with the Insolvency Law.

For the avoidance of doubt, claims under the Notes will be satisfied in the ranking described in this Condition 3.1 regardless of whether the Notes qualify as MREL Eligible Liabilities.

3.2 Status of the Senior Non-Preferred MREL Notes

This Condition 3.2 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Non-Preferred MREL 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. The Senior Non-Preferred MREL Notes are intended to qualify as MREL Eligible Liabilities. 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 MREL 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.

For the avoidance of doubt, claims under the Notes will be satisfied in the ranking described in this Condition 3.2 regardless of whether the Notes qualify as MREL Eligible Liabilities.

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.

For the avoidance of doubt, claims under the Subordinated Notes will be satisfied in the ranking described in this Condition 3.3 regardless of whether the Subordinated Notes qualify as MREL Eligible Liabilities and/or Tier 2 Instruments.

3.4 MREL Eligible Liabilities

- (a) To the extent allowed by the Applicable Banking Regulations, the Senior MREL Notes, Senior Non-Preferred MREL Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes may be issued by the Issuer to satisfy the **MREL Eligible Liabilities** (as defined below).
- (b) The rights of holders of the Senior MREL Notes, the Senior Non-Preferred MREL 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 Competent Authority and/or the Relevant Resolution 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 and amending Regulation (EU) No 648/2012 (*Capital Requirements Regulation*), as the same may be amended or replaced from time to time, and any references in these Conditions to relevant Articles of the CRR Regulation include references to any applicable provisions of law amending or replacing such Articles from time to time;

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

“**MREL Eligible Liabilities**” means, at any time, the liabilities of the Issuer that qualify as eligible liabilities pursuant to Article 72b of the CRR Regulation or the BGF Act, as the case may be, which are included in the amount to be complied with for the purposes of fulfilling the minimum requirements for own funds and eligible liabilities or loss-absorbing capacity of the Issuer or the Group pursuant to the Applicable Banking Regulations, including any debt instruments that qualify as eligible liabilities items pursuant to transitional provisions under the CRR Regulation or the BGF Act, as the case may be;

“**MREL Notes**” means the Senior MREL Notes, Senior Non-Preferred MREL Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes which constitute the Issuer’s MREL Eligible Liabilities;

“**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 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 MREL 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;

“Tier 2 Instruments” means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Tier 2 instruments pursuant to Article 63 CRR Regulation, including any capital (or other) instruments that qualify as Tier 2 items pursuant to transitional provisions under the CRR Regulation; 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 a Security Interest on the undertaking or assets of any Person existing at the time such Person is acquired by, and becomes a Subsidiary of, the Issuer, provided that such Security Interest was not created in contemplation of such acquisition and the principal amount secured has not been increased in contemplation of or since such acquisition;

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

“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 present or future indebtedness of the Issuer for 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, other recognised securities market or over the counter; or (B) any present or future guarantee or indemnity provided by the Issuer 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 including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction, other than in respect of any covered bonds or similar instruments issued or to be issued by the Issuer.

5. WAIVER OF SET-OFF

In the case of any Senior MREL Notes, Senior Non-Preferred MREL 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 4 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 4, “**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 aggregate outstanding nominal amount of Fixed Rates Notes which are Registered Notes in definitive form or 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 this 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 the real time gross settlement system operated by the Eurosystem (or any successor thereto) (the “**T2 System**”)) specified in the applicable Final Terms;
- (b) if T2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the T2 System 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 System 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) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent was acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating (i) if “2006 ISDA Definitions” is specified in the applicable Final Terms, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”) and as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) if “2021 ISDA Definitions” is specified in the applicable Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the Issue Date of the first Tranche of the Notes; (together, the “**ISDA Definitions**”) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity, if applicable, is a period specified in the applicable Final Terms;
- (C) the relevant Reset Date is the day specified in the applicable Final Terms;
- (D) if the Floating Rate Option is an Overnight Floating Rate Option, the Overnight Rate Compounding Method is one of the following as specified in the applicable Final Terms:
 - (a) Compounding with Lookback;
 - (b) Compounding with Observation Period Shift; or
 - (c) Compounding with Lockout; and
- (E) if the Floating Rate Option is a Compounded Index Floating Rate Option, the Index Method is Compounded Index Method with Observation Period Shift as specified in the applicable Final Terms.

In connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers or other items specified in the relevant confirmation shall be deemed to be references to the numbers or other items specified for such purpose in the applicable Final Terms.

For the purposes of this subparagraph (i), “**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**”, “**Overnight Floating Rate Option**”, “**Overnight Rate Compounding Method**”, “**Compounding with Lookback**”, “**Compounding with Observation Period Shift**”, “**Compounding with Lockout**”, “**Averaging with Lookback**”, “**Averaging with Observation Period Shift**”, “**Averaging with Lockout**”, “**Compounded Index Floating Rate Option**”, “**Index Method and Compounded Index Method with Observation Period Shift**” have the meanings given to those terms in the ISDA Definitions.

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 –Term Rate

Where “Screen Rate Determination” and “Term Rate” are 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)(ii)(A), no offered quotation appears or, in the case of subclause 6.2(b)(ii)(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.

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

This Condition 6.2(b)(iii) applies where the applicable Final Terms specifies: (1) “*Screen Rate Determination*” and “*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):

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SONIA_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

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);
- d₀** 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 “d₀”, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day to, and including, the last 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 so 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)(iii)(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)(iii)(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)(iii), 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.

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

This Condition 6.2(b)(iv) applies where the applicable Final Terms specifies: (1) “*Screen Rate Determination*” and “*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:

Compounded Daily SONIA Rate =

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

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 so 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)(iii) 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.

(v) Screen Rate Determination for Floating Rate Notes– Overnight Rate – SOFR – Non-Index Determination

This Condition 6.2(b)(v) applies where the applicable Final Terms specifies: (1) “*Screen Rate Determination*” and “*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)(v) 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)(v) 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 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)(v).

(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)(v), 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)(v) 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)(iii)(C).

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

This Condition 6.2(b)(vi) applies where the applicable Final Terms specifies: (1) “Screen Rate Determination” and “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:

where:
$$\left(\frac{SOFRIndex_{End}}{SOFRIndex_{Start}} - 1 \right) \times \frac{360}{d_c}$$

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)(v) 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.

- (vii) 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 (in consultation with the Calculation Agent) 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 and in a commercially reasonable manner 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 and in a commercially reasonable manner 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). If the Issuer, following consultation with the Independent Adviser (if appointed), in each case acting in good faith and in a commercially reasonable manner, is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(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 and in a commercially reasonable manner (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 of the Notes.

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 Independent Adviser or the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith and in a commercially reasonable manner, 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 Independent Adviser or the Issuer, following consultation with the Independent Adviser (if appointed), determines in good faith and in a commercially reasonable manner 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 by a specified future date, 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 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 in good faith and in a commercially reasonable manner 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)(ii)) 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 (*Notices*), 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) MREL Eligible Liabilities / Tier 2 Subordinated Notes

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 (as applicable), 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 relevant Series of Notes as MREL Eligible Liabilities and/or Tier 2 Subordinated Notes, as applicable for the purposes of any Applicable Banking Regulations; or
- (2) (if this Note is a Senior Non-Preferred MREL Note only) to result in the Relevant Resolution 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:

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:

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:

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 (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), 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 Adviser determines appropriate.

“Designated Maturity” means, in relation to Screen Rate Determination, 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 both “*Screen Rate Determination*” and “*Term Rate*” to be “Applicable”.

Except where the applicable Final Terms specifies both “*Screen Rate Determination*” and “*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, the Issuing and Paying Agent 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 both “*Screen Rate Determination*” and “*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, the Issuing and Paying Agent 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 be binding on the Issuer (in the absence of wilful default or manifest error), the Issuing and Principal Paying Agent, the other Agents and all Noteholders and Couponholders and no liability to the Issuer (in the absence of wilful default), 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 unmaturing 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 unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing 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 unmaturing 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, unmaturing 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 System) specified in the applicable Final Terms;

- (b) if T2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the T2 System 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 System 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 8.9 (*Early Redemption Amounts*), where specified as Applicable in the applicable Final Terms, 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:

- (a) in case of any Notes which are not Tier 2 Subordinated Notes, 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 Issue Date of the last Tranche of the Series of the Notes:
 - (i) 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
 - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (b) in the case of Senior Non-Preferred MREL Notes or Senior Subordinated Notes (as applicable), the Issuer would not be entitled to claim a deduction in computing its taxation liabilities in a Tax Jurisdiction 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 Non-Preferred MREL Notes or Senior Subordinated Notes (as applicable) materially changes; or
- (c) in the case of Tier 2 Subordinated Notes, there is a change in the applicable tax treatment of such instruments and 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, however, that no such notice of redemption shall be given earlier than:

- (i) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which (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 or tax 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 MREL Notes, Senior Subordinated Notes or the Tier 2 Subordinated Notes, if required under Applicable Banking Regulations, confirmation that the Competent Authority, and in case of the Senior MREL Notes and Senior Non-Preferred MREL Notes, the Relevant Resolution 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.

Redemption of Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes pursuant to this Condition 8.2 (*Redemption for tax reasons*) will be subject to Condition 8.5 (*Restrictions on early redemption or purchase*).

8.3 Early Redemption due to Capital Disqualification Event

If, in respect of Tier 2 Subordinated Notes only, where a Capital Disqualification Event has been specified as applicable in the applicable Final Terms, 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, the law of any other relevant jurisdiction or Applicable Banking Regulations becoming effective on or after the Issue Date, the Issuer may, at its option and having given not less than 30 nor more than 60 calendar days' notice to the 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 8.9 (*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 under Applicable Banking Regulations; 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 under Applicable Banking Regulations.

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.

Redemption of Senior MREL Notes, Senior Non-Preferred MREL Notes or Tier 2 Subordinated Notes pursuant to this Condition 8.3 (*Early Redemption due to Capital Disqualification Event*) will be subject to Condition 8.5 (*Restrictions on early redemption or purchase*).

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 the regulatory classification of the relevant Series of Tier 2 Subordinated Notes that becomes effective on or after the Issue Date of the last Tranche of the relevant Series of Tier 2 Subordinated Notes 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 MREL Notes and 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 8.9 (*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 under Applicable Banking Regulations; 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 MREL Notes and Senior MREL Notes, the determination by the Issuer that, as a result of any implementation of,

or change (or any pending amendment, change or replacement which the Relevant Resolution Authority considers sufficiently certain), in the relevant Applicable Banking Regulations or any change in the official application or interpretation thereof by the Resolution Authority, 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 Notes 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 MREL Eligible Liabilities; **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, MREL Eligible Liabilities 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 or purchase

- (a) The Issuer may redeem in accordance with the terms of these Conditions (and give notice thereof to the Noteholders) or purchase the Senior MREL Notes, Senior Non-Preferred MREL Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes only if such redemption or purchase is in accordance with the Applicable Banking Regulations and, if required under the Applicable Banking Regulations, 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 MREL Notes or Senior Subordinated Notes) the Relevant Resolution Authority, which requires that:
 - (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 MREL 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 MREL 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 MREL 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 MREL 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 MREL 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 change in the regulatory classification of the Tier 2 Subordinated Notes was not reasonably foreseeable at the Issue Date of the last Tranche of the Tier 2 Subordinated 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 MREL 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 (but not 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.

In the case of the Senior MREL Notes, Senior Non-Preferred MREL Notes or Subordinated Notes, redemption at the option of the Issuer pursuant to this Condition 8.6 will be subject to Condition 8.5 (*Restrictions on early redemption or purchase*).

8.7 Clean-up Call Option

If (i) Clean-up Call Option is specified in the relevant Final Terms as being applicable and (ii) the Clean-up Call Minimum Percentage (or more) of the principal amount outstanding of the Notes originally issued has been redeemed or purchased and subsequently cancelled in accordance with this Condition 8, the Issuer may, from (and including) the Clean-up Call Effective Date (but subject, in the case of Senior MREL Notes, Senior Non-Preferred MREL Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes, to Condition 8.5 (*Restrictions on early redemption or purchase*)), having given not more than the maximum period nor less than minimum period of notice specified in the relevant Final Terms to the Fiscal Agent and, in accordance with Condition 16 (*Notices*), to the Noteholders, at any time redeem all (but not some only) of the Notes then outstanding at the Clean-up Call Option Amount specified in the relevant Final Terms together, if applicable, with unpaid interest accrued to (but excluding) such date fixed for redemption. Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

For the purposes of this Condition 8.7, any further notes issued pursuant to Condition 18 (*Further Issues*) so as to be consolidated and form a single Series with the Notes outstanding at that time will be deemed to have been originally issued.

In these Conditions:

“**Clean-up Call Minimum Percentage**” means 75% or such other percentage specified in the relevant Final Terms; and

“**Clean-up Call Effective Date**” means (i) in the case of Senior MREL Notes and Senior Non-Preferred MREL Notes, the Issue Date of the first Tranche of the Notes and (ii) in the case of Senior Subordinated Notes and Tier 2 Subordinated Notes, the date specified in the relevant Final Terms or such earlier date as may be permitted under the requirements for MREL Eligible Liabilities and/or the Applicable Banking Regulations (as applicable) from time to time.

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

This Condition 8.8 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 8.8 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 8.8 and instead to declare such Note forthwith due and payable pursuant to Condition 11 (*Events of Default*).

8.9 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).

8.10 Purchases

Subject to Condition 8.5 (*Restrictions on early redemption or purchase*), 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 of the Issuer's subsidiaries, 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 approval or permission as described above will not constitute an Event of Default under the relevant Notes.

8.11 Cancellation

All Notes which are redeemed, substituted or purchased and elected by the Issuer to be cancelled pursuant to Condition 8.10 (*Purchases*) 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 8.10 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.

8.12 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)*), 8.7 (*Clean up Call Option*) or 8.8 (*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 8.9(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 interest or, in the case of Ordinary Senior Notes only, principal, redemption amount 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, or interest only, in the case of Senior MREL Notes, Senior Non-Preferred MREL 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:

- (c) 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
- (d) 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

This Condition 11.1 only applies to Ordinary Senior 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 or under the Agency Agreement 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 30 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); or
- (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 (i) ceases or threatens to cease to carry on all or any substantial part of its business or operations (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, in the case of the Issuer, it substantially changes its business or (ii) stops or threatens to stop payment of, or admits inability to, pay its debts as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law; or
- (h) Enforcement of Security Interest
If the holder of any Security Interest over any asset of the Issuer, being entitled, takes any step to enforce that Security Interest which could have a material adverse effect on the Issuer's ability to meet its obligations under the Notes; or
- (i) 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
- (j) 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 MREL 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 MREL 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 MREL 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), that the Notes shall 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 MREL 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, 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) 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 MREL 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 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 MREL Notes or Senior Subordinated Notes, if the MREL Requirement Date has occurred, contain terms which comply with the then-current requirements for MREL Eligible Liabilities 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 a 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.pekao.com.pl/en/investors-relations.html> 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:

- (e) 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
- (f) 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, (but subject to, other than in respect of Ordinary Senior Notes, compliance with the relevant Applicable Banking Regulations and/or MREL requirements) 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 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; (ix) such substitution shall not give rise to a right to redeem the Notes pursuant to Condition 8.3 (*Early Redemption due to Capital Disqualification Event*) or Condition 8.4 (*Early Redemption due to MREL Disqualification Event*); and (x) 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 20.21.1(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 Elemental Process Agent Limited 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 Elemental Process Agent Limited 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, by its subscription or purchase and holding of the Notes, each Noteholder (which, for the purposes of this Condition 21, includes each holder of a beneficial interest in the Notes), 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:

- (d) 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.
- (e) By its subscription or purchase 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.
- (f) Upon the Issuer and/or any member of the Group being informed and notified by the Competent Authority and/or Relevant Resolution Authority 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 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.
- (g) 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

(b) By its subscription 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.

(c) 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 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.

(d) 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.

FORM OF 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. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **EU PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]¹

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to, be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of 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. 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.]²

[NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED ADDITION) OF SINGAPORE: In connection with Section 309B of the Securities and Futures Act 2001 (Chapter 289) of Singapore, as amended, and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), unless otherwise stated in the applicable Final Terms in respect of any Notes, all Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in Monetary Authority of Singapore (the “**MAS**”) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]/[].³

[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

¹ Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products and no key information document will be prepared in the EEA or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

² Legend to be included on the front of the Final Terms if the Notes potentially constitute “packaged” products and no key information document will be prepared in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

³ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the relevant offer (*i.e.*, if the Notes are not prescribed capital markets products pursuant to Section 309B of the SFA or 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)).

(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

Bank Polska Kasa Opieki S.A.

Legal entity identifier (LEI): 5493000LKS7B3UTF7H35

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the EUR 5,000,000,000 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 of the Notes (the **Conditions**) set forth in the base prospectus of the Issuer dated 13 November 2023 [, as supplemented by the supplement(s) to it dated [date]] (the **Base Prospectus**) issued in relation to the EUR 5,000,000,000 Euro Medium Term Note Programme of Bank Polska Kasa Opieki S.A. which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation.]

The expression **Prospectus Regulation** means Regulation (EU) 2017/1129 (as amended).

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus and any supplements thereto in order to obtain all the relevant information.

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus.

The Base Prospectus is available for viewing at the Issuer’s website www.pekao.com.pl, and at the offices of the Paying Agents specified in the Base Prospectus. Copies may, upon oral or written request, also be obtained from the Paying Agents upon provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent).

These Final Terms do not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation; and no action is being taken to permit an offering of the Notes or the distribution of these Final Terms in any jurisdiction where such action is required.

[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 sub-paragraphs, 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: | <p>The Notes will be consolidated and form a single Series with [provide issue amount/ISIN/maturity date of earlier Tranches] on [[insert date]/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]</p> |

2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
- (a) Series: []
- (b) Tranche: []
4. Issue Price: []% 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 and year]]
- (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: [[]% Fixed Rate]

[[] month [EURIBOR/WIBOR/Compounded Daily SONIA/Compounded Daily SOFR/ Weighted Average SOFR]

+/- []% 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 on the Maturity Date at []% of their nominal amount

(N.B. In respect of Notes for which a prospectus is required to be published under the Prospectus Regulation, the redemption amount will be 100 per cent. of the nominal amount of the Notes)

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]

Issuer Call - Capital Disqualification Event pursuant to Condition 8.3 (*Early Redemption due to Capital Disqualification Event*) is [Applicable/Not Applicable]

(N.B. Only relevant in the case of Tier 2 Subordinated Notes)

Issuer Call - MREL Disqualification Event pursuant to Condition 8.4 (*Early Redemption due to MREL Disqualification Event*) is [Applicable/Not Applicable]

(N.B. Only relevant in the case of Senior MREL Notes, Tier 2 Subordinated Notes, Senior Subordinated Notes and Senior Non-Preferred MREL Notes)

Clean-up Call pursuant to Condition 8.7 (*Clean-up Call Option*) is [Applicable/Not Applicable]

Investor Put pursuant to Condition 8.8 (*Redemption at the option of the Noteholders (Investor Put)*) is [Applicable/Not Applicable] [See paragraph 17 below]

(N.B. Only relevant in the case of Ordinary Senior Notes)

[(further particulars specified below)]

12. Status of the Notes:

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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Rate(s) of Interest: [[]% 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): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
(Applicable to Notes in definitive form)

(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) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]

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

(f) Screen Rate Determination: [Applicable/Not Applicable]

(If not applicable, delete the remaining items of this subparagraph)

- 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) as the Relevant Number, and the remaining bullets below will each be “Not Applicable”)

(NB: A minimum of 5 relevant business/banking days should be specified unless otherwise agreed with the Calculation Agent)
- 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 relevant business/banking days should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)
- Interest Determination Date(s): [] [TARGET/[]] Business Days [in []] prior to the [] day in each Interest Period/each Interest Payment Date][The [first/[]] [London Banking Day]/[TARGET 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)*
- (g) ISDA Determination [Applicable/Not Applicable]
(If not applicable, delete the remaining items of this subparagraph (g))

(If applicable, and “2006” or “2021 ISDA Definitions” is selected below, note that “Administrator/Benchmark Event”, “Generic Fallbacks” and “Calculation Agent Alternative Rate Determination” are not workable in a notes context. Amendments will therefore need to be made to the Conditions which will require a drawdown prospectus for the issue.)

- ISDA Definitions: [2006/2021] ISDA Definitions
- Floating Rate Option: []
(If “2006” or “2021 ISDA Definitions” is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))
- Designated Maturity: []/[Not Applicable]
(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate)
- Reset Date: []
(In the case of a EURIBOR based option, the first day of the interest period)
- Compounding: [Applicable/Not Applicable]
(If not applicable, delete the remaining items of this subparagraph)
- Compounding Method: [Compounding with Lookback:
Lookback: [[] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]
[Compounding with Observation Period Shift:
Observation Period Shift: [[] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]
Observation Period Shift Additional Business Days: []/[Not Applicable]]
[Compounding with Lockout:
Lockout: [[] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]
[Lockout Period Business Days: []/[Applicable Business Days]]
- Averaging: [Applicable/Not Applicable]
(If not applicable, delete the remaining items of this subparagraph)

- Averaging Method:

[Averaging with Lookback
Lookback: [☐] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

[Averaging with Observation Period Shift
Observation Period Shift: [☐] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [☐]/[Not Applicable]

[Averaging with Lockout
Lockout: [☐] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [☐]/[Applicable Business Days]
 - Index provisions:

[Applicable / Not Applicable]
(If not applicable, delete the remaining items of this subparagraph)
 - Index Method:

Compounded Index Method with Observation Period Shift
Observation Period Shift: [☐] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [☐]/[Not Applicable]
- (h) 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*)]
- (i) Margin(s):

[+/-] [☐]% per annum
- (j) Minimum Rate of Interest:

[☐]% per annum
- (k) Maximum Rate of Interest:

[☐]% per annum
- (l) 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 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]) []

(For Tier 2 Notes, Optional Redemption Date shall be at least five years after the Issue Date)

(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 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 sub-paragraphs 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. Clean-up Call Option: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Clean-up Call Minimum Percentage: [As per the Conditions/specify]
- (b) Clean-up Call Option Amount: [] per Calculation Amount
- (c) Notice periods: Minimum period: [] days
Maximum period: [] days
- (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 Agent.)*
- (d) Clean-up Call Effective Date: []
(Only applicable to Tier 2 Subordinated Notes)
19. MREL Disqualification Event: [Applicable/Not Applicable]
- (a) Optional Redemption Amount (MREL Disqualification Event): [] per Calculation Amount
20. Capital Disqualification Event: [Applicable/Not Applicable]
- (a) Optional Redemption Amount (Capital Disqualification Event): [] per Calculation Amount
21. Redemption for tax reasons: [Applicable/Not Applicable]
- (a) Early Redemption Amount payable on redemption for tax reasons: [] per Calculation Amount
22. Final Redemption Amount: [] per Calculation Amount

23. Early Redemption Amount payable on Event of Default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. 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]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[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 depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]

(b) New Safekeeping Structure: [Yes][No]

(c) New Global Note [Yes][No]

25. 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)

26. 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.]

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

SIGNED on behalf of **Bank Polska Kasa Opieki 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] and admitted to trading on the regulated market of the [Luxembourg 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**

- The net proceeds (or an amount equivalent to such net proceeds) from the issue of Notes will be applied by the Issuer for [specify use of proceeds]/ [The Issuer intends to issue the Notes as [Sustainable/Green] Bonds (as defined in the Base Prospectus) and apply an amount equal to the net proceeds from this issue of Notes to eligible projects and activities that are in keeping with the Sustainable Finance Framework (as defined and further described in the section of the Base Prospectus entitled “*Use of Proceeds*”).]
- (i) Reasons for the offer:
- (ii) Estimated net proceeds: []
- (iii) Estimate of total expenses related to admission to trading: []

5. **YIELD (Fixed Rate Notes only)**

Indication of yield: []

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 1/Category 2]; [TEFRA D/TEFRA C/TEFRA not applicable]] |
| (vi) | [Singapore Sales to Institutional Investors and Accredited Investors only:] | [Applicable/Not Applicable] |
| (vii) | Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable]

<i>(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)</i> |
| (viii) | Prohibition of Sales to UK Retail Investors: | [Applicable/Not Applicable]

<i>(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)</i> |
| (ix) | Prohibition of Sales to Belgian Consumers: | [Applicable/Not Applicable]

<i>(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)]</i> |

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]

USE OF PROCEEDS

The net proceeds (or an amount equivalent to such net proceeds) from each issue of Notes will be applied by the Issuer for (i) its general corporate purposes, or (ii) any other purpose stated in the applicable Final Terms such as, without limitation, the refinancing or financing, in whole or in part, of eligible projects (as defined in the Sustainable Finance Framework). If, in respect of a particular issue, there is a particular identified use of proceeds, for example the funding of eligible projects in line with the Sustainable Finance Framework, this will be stated in the applicable Final Terms.

For the purposes of this section:

“Eligible Green Financing” means an allocation of an amount equal to the net proceeds from the issuance of Green, Social or Sustainable Instruments to exclusively finance and/or to refinance, in whole or in part, Eligible Green and/or Eligible Social loans that meet the eligibility criteria set out in the Sustainability Finance Framework of the Bank.

“eligible projects” means projects financed under the Sustainable Finance Framework, that meet the criteria set out in the Sustainable Finance Framework of the Bank (and below).

“EU Taxonomy Delegated Act” means Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

“UN SDGs” means United Nations Sustainable Development Goals.

The Bank’s Sustainable Finance Framework is aligned with the June 2021 version (with June 2022 update) of the Green Bond Principles, the June 2023 version of the Social Bond Principles, and the June 2021 version of the Sustainability Bond Guidelines, each as published by the International Capital Market Association, as well as the February 2023 version of the Green Loan Principles and February 2023 version of the Social Loan Principles published by the Loan Markets Association. The Bank’s Sustainable Finance Framework was prepared in accordance with the core components and key recommendations of the aforementioned guidelines in order to enable the Bank to raise green, social, and sustainable financing in both bond and loan format.

Below is an overview of the categories of Eligible Green Financing contemplated by the Bank under its Sustainable Finance Framework. Here, the Bank outlines the categories of potential financing and applicable eligibility criteria it has applied under its Sustainable Finance Framework, highlights how the financing of each category may advance specific UN Sustainable Development Goals, and also maps each category to key EU environmental objectives and example economic activities under the EU Taxonomy. Where possible, applicable eligibility criteria have been designed to comply with the technical screening criteria set out in the EU Taxonomy Delegated Act as at the time of its Sustainable Finance Framework publication. The categories outlined reflect specific UN SDGs and map to key EU environmental objectives, while eligibility criteria have been designed to comply with the technical screening criteria set out in the EU Taxonomy Delegated Act.

Allocation for sustainable purposes will be determined by the Sustainable Finance Commission functioning in the Bank. Its responsibility is to ensure that projects are aligned with the categories and eligibility criteria for the Eligible Green and the Eligible Social Financing.

Financing category	Eligibility criteria	Key EU Environmental Objectives	Examples of EU Taxonomy sustainable activities	SDG mapping
Renewable energy	Financing related to the construction, development, acquisition, maintenance, and operation of renewable energy projects which have been subject to an ESIA. Wind – both onshore and offshore eligible Solar – includes PV and CSP projects (provided that 85% or more of the electricity production comes from solar) Hydro – <i>provided that</i> any financed hydro project meets one of the following criteria: (i) life-cycle carbon emissions intensity	Climate change mitigation	3.1 Manufacture of renewable energy technologies 3.3 Manufacture of low carbon technologies 3.4 Manufacture of batteries 3.5 Manufacture of energy efficient equipment for buildings 4.1. Electricity generation using solar photovoltaic technology 4.2. Electricity generation using concentrated solar power (CSP) technology	- Affordable and clean energy - Climate action

Financing category	Eligibility criteria	Key EU Environmental Objectives	Examples of EU Taxonomy sustainable activities	SDG mapping
	is below 50gCO₂e/kWh; (ii) power density above 10W/m² (if operations commenced 2020 or later); and/or (iii) is run-of-river without an artificial reservoir. <i>Provided further</i> that the refurbishment of existing hydropower plants does not result in an increase in the size of the water reservoir. Hydrogen & Bioenergy – Green Hydrogen (using electrolysis technology), biogas, biofuel (with life-cycle emissions at least 65% lower than relevant fossil-fuel baseline), electricity and combined Heat and Power (CHP) from biomass with a lifecycle emissions threshold of 100gCO₂/kWh or less. With respect to projects targeting renewable energy transmission, the Bank will count financing of renewable energy transmission infrastructure where the mix of renewable energy in the grid is not less than 90% or, if less than 90% but expected to increase, on discounted pro rata to the actual share of renewable energy in the grid at the time of the allocation report. These projects would pertain to the construction and repair of infrastructures for renewable energies, including (but not limited to) the development/operation/maintenance/enhancement of grids/transmission lines/converters, activities that improve existing electrical systems by increasing efficient use of electricity, connecting renewable sources, enabling demand-side response, decreasing losses or extending access including smart meters, IT systems, network control support, distributed generation dispatching and peak demand management		• 4.3 Electricity generation from wind power • 4.5 Electricity generation from hydropower • 4.8. Electricity generation from bioenergy • 4.15 District heating/cooling distribution • 4.16 Installation and operation of electric heat pumps • 4.17 Cogeneration of heat/cool and power from solar energy • 7.6. Installation, maintenance and repair of renewable energy technologies	
Green buildings	Financing related to the development, construction, acquisition, maintenance, refurbishment and operation of commercial & residential real estate achieving the following specified environmental/energy performance levels: • LEED Platinum or Gold, BREEAM Outstanding or Excellent, DGNB “Gold”,	• Climate change mitigation • Natural resource conservation	• 7.1. Construction of new buildings • 7.2. Renovation of existing buildings • 7.3 Installation, maintenance and repair of energy efficiency equipment • 7.4 Installation, maintenance and repair of charging stations for electric vehicles in	• Sustainable cities and communities

Financing category	Eligibility criteria	Key EU Environmental Objectives	Examples of EU Taxonomy sustainable activities	SDG mapping
	HQE “Excellent” or higher level of certification, EDGE or Passivhaus certification • Buildings with TC2014 + TC2017/2021 codes • The building is within the top 15% of the national or regional building stock, expressed as operational Primary Energy Demand • Primary Energy Demand is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements according to the regulation in Poland implementing Directive 2010/31/EU of the European Parliament and of the Council • Building refurbishment where a 30% improvement in Primary Energy Demand is achieved Financing earmarked solely for building energy improvements, including (but not limited to) installation, maintenance and repairs covering: PV solar modules and solar hot water panels and boilers; cavity wall insulation; transpired solar collectors; “smart” metering and home energy management systems, building automation and control systems, building energy management systems (BMS), lighting control systems and energy management systems (EMS). For the avoidance of doubt, no investments in technologies or processes which are directly powered by fossil fuels (e.g. fossil fuel-powered boilers) will be deemed eligible.		buildings (and parking spaces attached to buildings) • 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings • 7.6 Installation, maintenance and repair of renewable energy technologies • 7.7 Acquisition and ownership of buildings	
Clean transportation	Financing related to the development, construction, acquisition, maintenance, operation and leasing of infrastructure and vehicles for: • Zero direct emissions transportation of passengers and freight (e.g., light rail transit, metro, trams, trolleybuses, buses, rail, electric vehicle charging stations, electricity grid connection upgrades and hydrogen fuelling stations) • Low emission freight transport vehicles provided	• Climate change mitigation • Pollution prevention & control	• 6.1 Passenger interurban rail transport • 6.3 Urban and suburban transport, road passenger transport • 6.4. Operation of personal mobility devices, cycle logistics • 6.5 Transportation by motorbikes, passenger cars and light commercial vehicles • 6.13 Infrastructure for personal mobility, cycle logistics	• Affordable and clean energy • Industry, innovation and infrastructure • Sustainable cities and communities • Climate action

Financing category	Eligibility criteria	Key EU Environmental Objectives	Examples of EU Taxonomy sustainable activities	SDG mapping
	that they have an emission threshold below 25gCO₂/t-km • Use of personal mobility devices and active mobility (walking, cycling) Infrastructure dedicated to the transport of fossil fuels and its blends is not eligible. For manufacturing related financing where the infrastructure funded is mixed use (e.g., expansion capex for automotive plant building both zero emission and non-qualifying vehicles), the allocable financing will be discounted pro rata to the actual share of qualifying vehicles manufactured at the time of allocation report.		• 6.14 Infrastructure for rail transport • 6.15 Infrastructure enabling low-carbon road transport and public transport	
Energy efficiency	Financing related to the development, manufacture and/or installation of: • Products, technologies and software which target energy consumption reduction through management of demand and where efficiencies are modelled or measured to result in at least 30% improvement in energy performance, or where household appliances belong to the highest two populated classes of the relevant EU energy label • Automated or electrified systems that have received third-party environmental or energy performance certifications, such as ENERGY STAR or Electronic Product Environmental Assessment Tool (EPEAT) Gold or above Financing of the construction, renovation, extension and acquisition of data centres provided that they adhere to the European Code of Conduct for Data Centre Energy Efficiency and further provided that and Power usage effectiveness (PUE) is below 1.5. For the avoidance of doubt, no investments in products, technologies or software which are directly powered by fossil fuels will be deemed eligible. Additionally, the Bank will also exclude hard-to-abate sectors	• Climate change mitigation	• 8.1 Data processing, hosting and related activities • 8.2 Data-driven solutions for GHG emissions reductions • 9.1 Close to market research, development and innovation • 9.3 Professional services related to energy performance of buildings	• Affordable and clean energy • Climate action

Financing category	Eligibility criteria	Key EU Environmental Objectives	Examples of EU Taxonomy sustainable activities	SDG mapping
	including steel, natural gas, international shipping, ports, aviation, airport infrastructure, cement and aluminium			
Sustainable water and wastewater management	Funding related to the preservation of water assets, improving the ecological status and quality of water, sanitation and wastewater treatment, comprised of: • Building supply, purification and sewage treatment infrastructure, excluding fossil fuel operations • Construction, operation, maintenance and upgrades of infrastructures for the management of water resources, increasing water recycling and wastewater treatment facilities • Desalination plants powered by low-carbon sources, or where the average carbon intensity of the plants is below 100g CO₂e/kWh; and with an appropriate waste management plan for brine disposal • End-to-end water supply systems with an average system energy consumption (including abstraction, treatment and distribution) equal or less than 0.5 kWh/m³ of water produced; • Systems that reduce average system energy consumption by at least 20% (including abstraction, treatment and distribution) measured in kWh per cubic metre of water produced and based on its own benchmark over three year period • Systems that reduce the gap between the actual leakage of the water supply network and a given target value of low leakage by at least 20% and where the unit of measurement is the Infrastructure Leakage Index (ILI) and the target value of low leakage is an ILI of 1.5 For the avoidance of doubt, no investments in technology, equipment or methods which are directly powered by fossil fuels will be deemed eligible. Additionally, the Bank will	• Sustainable use and protection of water and marine resources • Pollution prevention and control	• 5.1. Construction, extension and operation of water collection, treatment and supply systems • 5.2. Renewal of water collection, treatment and supply systems • 5.3. Construction, extension and operation of waste water collection and treatment • 5.4. Renewal of waste water collection and treatment • 5.5 Collection and transport of non-hazardous waste in source segregated fractions • 5.6. Anaerobic digestion of sewage sludge • 5.7. Anaerobic digestion of bio-waste • 5.8. Composting of bio-waste • 5.9. Material recovery from non-hazardous waste	• Good health and well-being • Clean water and sanitation

Financing category	Eligibility criteria	Key EU Environmental Objectives	Examples of EU Taxonomy sustainable activities	SDG mapping
	exclude hard-to-abate sectors including steel, natural gas, international shipping, ports, aviation, airport infrastructure, cement and aluminium			
Pollution prevention and control	Funding related to activities that significantly lower pollutants into land, water or air are considered eligible, including: • Municipal waste collection and source segregation • Material recycling for segregation and sortation of recyclable materials from municipal waste streams • Combined heat and power (CHP) generation from municipal solid waste where plastic, recyclable and/or hazardous materials are separated prior to incineration • Development of equipment required for monitoring and testing air emissions and pollution as well as projects aiming to reduce GHG and air emissions or to minimize or re-use waste heat. Pollution prevention and control related to burning, extraction or refining of fossil fuel is excluded. For the avoidance of doubt, no investments in technologies, equipment or methods which are directly powered by fossil fuels will be deemed eligible. Additionally, the Bank will exclude hard-to-abate sectors including steel, natural gas, international shipping, ports, aviation, airport infrastructure and aluminium.	• Pollution prevention and control • Climate change mitigation	• 5.3 Construction, extension and operation of waste water collection and treatment • 5.4 Renewal of wastewater collection and treatment • 5.5 Collection and transport of non-hazardous waste in source segregated fractions • 5.9 Material recovery from non-hazardous waste	• Good health and well-being • Sustainable cities and communities • Responsible consumption and production

Below is an overview of the Eligible Social Financing contemplated by the Bank under its Sustainable Finance Framework. It outlines the categories of the expenditures and related eligibility criteria, together with the target population for each category. Furthermore, the categories have been mapped to the relevant UN SDGs.

Financing category	Sub-categories and eligible expenditures	Target populations	SDG mapping
Affordable basic infrastructure	Funding related to development of and access to basic infrastructure, including: <u>Water & Sanitation</u> • Construction, renovation and extension of infrastructure in relation to water collection, treatment and distribution of drinking water and related integral buildings and structures • Construction, renovation and extension of infrastructure related to sewerage, wastewater treatment and collection,	<u>Water & Sanitation</u> • Underserved, owing to a lack of quality access to essential goods and services, notably in rural areas, areas with vulnerable populations (e.g., migrants and refugees) or as a result of natural disaster <u>Energy</u> • Underserved, owing to a lack of quality access to essential goods and services, notably in rural areas, areas with	• Clean water and sanitation • Affordable and clean energy • Industry, innovation and infrastructure

Financing category	Sub-categories and eligible expenditures	Target populations	SDG mapping
	including wastewater transport and related integral buildings and structures - Construction, renovation and extension of infrastructure related to collection, sorting disposal, treatment and recycling of hazardous and non-hazardous waste, including for the avoidance of doubt municipal solid waste stream processing in compliance with the “Pollution Prevention and Control” category above <u>Energy</u> - Construction, renovation and extension of infrastructure to ensure access to affordable, reliable, sustainable and modern energy for all – in particular the transmission or distribution of renewable energy or energy with an emissions threshold of less than 100gCO₂/KWh, where such infrastructure will be located in areas where existing infrastructure is non-existent or substantially inadequate, and where infrastructure is not specifically dedicated to fossil fuel plants <u>Transportation</u> - Construction, renovation and extension of roads and road-related infrastructure aimed at increasing the connectivity in underdeveloped rural areas, where road access does not exist or is substantially inadequate (e.g., unpaved, ungraded, narrow, non-weatherproof) - Construction, renovation and extension of railways and subways to connect underdeveloped areas and populations with socio-economic development opportunities and to improve public transport - Construction, renovation and extension of transportation infrastructure to support movement of people with disabilities (e.g., accessibility improvements in public transit networks) <u>Information and Communications Technology</u> - Construction, renovation and extension of telecommunication infrastructure, in particular fibre optic networks, 5G networks and high capacity network deployment, distribution lines and related integral buildings and structures	vulnerable populations (e.g., migrants and refugees) or as a result of natural disaster <u>Transportation</u> - Underserved, owing to a lack of quality access to essential goods and services, notably in rural areas, areas with vulnerable populations (e.g. migrants and refugees, persons with disabilities and the elderly) or as a result of natural disaster <u>Information and Communication Technology</u> - Underserved, owing to a lack of quality access to essential goods and services, notably in rural areas and other areas at risk of digital exclusion	Sustainable cities and communities
Access to essential services: Healthcare	Funding related to the development of and access to essential healthcare infrastructure and services, including: Construction, renovation, extension, acquisition and provision of health services in public hospitals, healthcare centres and specialized medicine centres, including laboratories, physiotherapy centres, diagnostic centres, family planning centres, dental centres, speech therapy centres and field hospitals,	The population at large, but especially low-income households, people with disabilities, people suffering from addiction, elderly people, migrants and/or displaced persons, underserved owing to a lack of quality access to essential goods and services, unemployed, women and/or sexual and gender minorities, aging populations and vulnerable youth and other vulnerable groups, including migrants and refugees or as a result of natural disasters	- Good health and well-being - Reduced inequalities

Financing category	Sub-categories and eligible expenditures	Target populations	SDG mapping
	residential care facilities and social work infrastructure • Manufacture of basic pharmaceutical products, essential medicines and vaccines, and tools for the delivery of medical care, during extraordinary public health emergencies including but not limited to the COVID-19 pandemic		

Sustainalytics has provided a Second Party Opinion on the Bank's Sustainable Finance Framework to confirm the alignment of the Sustainable Finance Framework with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, as well as with the LMA Green Loan Principles and Social Loan Principles. Copies of the Sustainable Finance Framework and the Second Party Opinion are available on the Issuer's website at <https://www.pekao.com.pl/en/investors-relations/bonds-and-ratings/sustainable-finance-framework.html> (as the same may be updated, amended and/or replaced from time to time). For the avoidance of doubt, this website link and its contents do not form part of, nor are incorporated by reference in, this Base Prospectus.

Post-issuance reporting

The Bank is committed to publishing annual allocation reports on sustainability. Information will be available on the Bank's website at www.pekao.com.pl (as the same may be updated, amended and/or replaced from time to time) and will include the following details:

- Total value of the Eligible Financing Portfolio;
- Total net proceeds (or an amount equivalent to such net proceeds) from any Sustainable Instrument which have been allocated to Eligible Financing and the total net proceeds (or an amount equivalent to such net proceeds) from any Sustainable Instrument issuance which remains to be allocated;
- Breakdown of the allocation of the net proceeds (or an amount equivalent to such net proceeds) of Sustainable Instrument issuances under the Sustainable Finance Framework by ICMA category and by UN SDGs promoted based on the Eligible Financing Portfolio at the time;
- Split of allocations between past expenditures receiving allocations in reliance on the refinancing lookback period under the Sustainable Finance Framework vs. new expenditures made post-issuance,

together with confirmation that (i) the Eligible Financing Portfolio is up to date and any changes to previously eligible clients or projects have been reflected with suitable replacement assets identified where required and (ii) the Bank has maintained cash in line with its normal cash management guidelines that cover at least the amount of unallocated net proceeds (or an amount equivalent to such unallocated net proceeds) from any Sustainable Instrument issuance.

The Bank will also use its best efforts to provide annual reporting on the expected impacts of the Green and Social Financing receiving allocations from Sustainable Instruments issued under the Sustainable Finance Framework. The Bank expects its annual impact reporting to be integrated with its allocation reporting described above, and will reflect the recommendations contained in ICMA's June 2022 Harmonised Frameworks for impact reporting for green and social bonds.

The impact reports published by the Bank will contain, where relevant and feasible, information addressing the positive environmental and social impacts of Eligible Green and Social Financing receiving allocations from Sustainable Instruments issued under the Sustainable Finance Framework, and may include case studies or summaries of eligible projects against which proceeds have been matched.

SELECTED FINANCIAL INFORMATION OF THE GROUP

Group Financial Information for the years ended 31 December 2022 and 31 December 2021 and for the first nine months of 2023 ended 30 September 2023 and the first nine months of 2022 ended 30 September 2022

This section should be read together with the financial data included or incorporated by reference elsewhere in this Base Prospectus.

Comparability of financial data

In the consolidated financial statements of the Group for the period of nine months of 2022, the Group and the Bank made certain changes to accounting principles, which are described below. The comparative data as of 31 December 2021 has been restated accordingly. Detailed restatements are presented in Note 5.1 of the 2022 Consolidated Financial Statements. The financial information presented in this Base Prospectus has been provided on a revised presentation basis, where applicable.

A change in the quantitative criteria for determining significant modifications

Due to the entry into force on 1 January 2022 of the “Recommendation R on the principles of credit exposure classification, estimation and recognition of expected credit losses and credit risk management” issued by the KNF, the Group uses the criterion of extending the loan period by at least one year and at least doubling the residual period to the original maturity (meeting both conditions jointly) for all exposures, regardless of their classification to risk groups (before the change, this criterion applied to Stage 1 and Stage 2).

The above-mentioned changes of the accounting principles resulted in the identification of new purchased or originated credit-impaired financial assets (“**POCI**”) and the need to transform the comparable data in terms of the gross value of loans and advances to customers measured at amortized costs and the value of allowances for expected credit losses relating to these loans (presentation changes between Stage 3 and POCI assets), but they had no impact on the total net value of loans and advances to customers.

The impact of changes on the comparative data of the consolidated statement of financial positions is presented in the tables below.

Consolidated Statement of Financial Position	Data for 31 December 2021 Before Restatement	Restatement	Data for 31 December 2021 After Restatement
Gross carrying amount of loans and advances to customers measured at amortized costs (Stage 3)	8,321,120	(278,466)	8,042,654
Gross carrying amount of loans and advances to customers measured at amortized costs (POCI assets)	817,321	166,567	983,888
Allowances for expected credit losses (Stage 3)	5,919,147	(149,633)	5,769,514
Allowances for expected credit losses (POCI assets)	205,961	37,734	243,695
Gross carrying amount of loans and advances to customers measured at amortized costs (Stage 3)	8,528,493	(285,266)	8,243,227
Gross carrying amount of loans and advances to customers measured at amortized costs (POCI assets)	39,572	181,671	221,243
Allowances for expected credit losses (Stage 3)	5,655,257	(103,595)	5,551,662

Consolidated Statement of Financial Position	Data for 1 January 2021 Before Restatement	Restatement	Data for 1 January 2021 After Restatement
Gross carrying amount of loans and advances to customers measured at amortized costs (Stage 3)	8,528,493	(285,266)	8,243,227
Gross carrying amount of loans and advances to customers measured at amortized costs (POCI assets)	39,572	181,671	221,243
Allowances for expected credit losses (Stage 3)	5,655,257	(103,595)	5,551,662

A change in the method of presenting the depreciation costs of property, plant and equipment and intangible assets

The Group has presented the depreciation costs of property, plant and equipment and intangible assets under “General administrative expenses and depreciation”. Before the change, they were presented in a separate item of the income statement “Depreciation and amortization”.

The above-mentioned changes of the accounting principles made it necessary to transform the comparable data, but they did not affect the level of the presented financial result.

The impact of changes on the comparative data of the consolidated income statement is presented in the tables below.

Consolidated Income Statement	Data for 2021		Data for 2021
	Before Restatement	Restatement	After Restatement
General administrative expenses	(4,099,042)	4,099,042	-
Depreciation and amortization.....	(648,218)	648,218	-
General administrative expenses and depreciation	-	(4,747,260)	(4,747,260)

In the Q3 2023 Financial Statements, the Group and the Bank changed the accounting principles in the method of presenting in the income statement of interest income and expenses on hedging derivatives, including them with interest on hedged items. Detailed restatements are presented in Note 5 of the Q3 2023 Consolidated Financial Statements. The financial information presented in this Base Prospectus has been provided on a revised presentation basis, where applicable.

Consolidated financial data of the Group as of 31 December 2022 and 31 December 2021 and as of 30 September 2023 and 30 September 2022

The following tables present consolidated financial data of the Group as of and for the years ended 31 December 2022 and 31 December 2021 and as of and for the nine-month periods ended 30 September 2023 and 30 September 2022. They were derived from the Annual Consolidated Financial Statements and the H1 2023 Consolidated Financial Statements.

Consolidated Income Statements

	Nine months ended 30 September		Year ended 31 December	
	2023	2022 (restated)	2022	2021 (restated)
	(in PLN thousand)			
Interest income	13,480,257	6,668,360	11,115,376	5,870,356
Interest income calculated using the effective interest method.....	13,451,247	6,650,713	11,497,948	5,562,252
Financial assets measured at amortised cost.....	12,106,446	6,274,065	10,806,106	5,109,180
Financial assets measured at fair value through other comprehensive income	1,344,801	376,648	691,842	453,072
Other interest income related to financial assets measured at fair value through profit or loss	29,010	17,647	(382,572)	308,104
Interest expense	(4,689,608)	(1,634,874)	(2,871,539)	(209,595)
Net interest income	8,790,649	5,033,486	8,243,837	5,660,761
Fee and commission income	2,653,994	2,575,915	3,439,002	3,229,997
Fee and commission expense.....	(526,066)	(440,742)	(631,827)	(542,482)
Net fee and commission income	2,127,928	2,135,173	2,807,175	2,687,515
Dividend income.....	29,166	26,790	27,874	26,662
Result on financial assets and liabilities measured at fair value through profit or loss and foreign exchange result	383,191	34,156	187,213	129,845
Result on fair value hedge accounting	562	1,963	3,397	3,704
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss.....	23,679	(9,948)	(3,566)	29,863
Net allowances for expected credit losses	(563,448)	(924,869)	(2,015,904)	(778,198)
including: legal risk regarding foreign currency mortgage loans.....	(19,374)	(333,454)	(1,246,315)	(152,256)
Operating income	86,528	88,878	137,004	121,546
Operating expenses.....	(265,957)	(369,655)	(641,626)	(137,746)
General administrative expenses and depreciation	(4,346,331)	(4,599,185)	(5,867,882)	(4,747,260)
Gains on associates and disposal of subsidiaries	3,983	3,122	5,016	4,928
PROFIT BEFORE INCOME TAX	6,269,950	1,419,911	2,882,538	3,001,620
Income tax expense.....	(1,412,829)	(586,394)	(1,163,047)	(825,062)
NET PROFIT.....	4,857,121	833,517	1,719,491	2,176,558
1. Attributable to equity holders of the Bank.....	4,855,348	831,507	1,717,570	2,174,897
2. Attributable to non-controlling interests	1,773	2,010	1,921	1,661
Earnings per share (in PLN per share)				
basic for the period.....	18.50	3.17	6.54	8.29
diluted for the period.....	18.50	3.17	6.54	8.29

Financial results of the Group in 2022

In the year ended 31 December 2022, the Group's financial results were affected by higher costs of legal risk related to foreign currency loans and regulatory costs related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments. For the year ended 31 December 2022, the Group generated a net profit of PLN 1,719,491 thousand, which represented a decrease of 21.0 per cent compared with a net profit of PLN 2,176,558 thousand for the year ended 31 December 2021. The decrease was mainly due to the payment moratoria in respect of PLN mortgage loans, additional provisions for legal risk related to CHF mortgage loans, recognition of fees paid to the Commercial Bank Protection Scheme, additional contributions to the Borrowers Support Fund and the Bank Guarantee Fund, and an increase of provisions for refunds to customers of increased mortgage loan margins before establishing a mortgage. Please see *“Risk Factors - Risks relating to the Bank's business activity and industry - Regulatory intervention in the mortgage lending market may have an adverse effect on the Group's financial condition”*, *“Risk Factors - Risks relating to the Group's financial situation - The Bank may be required to make substantial mandatory contributions, including contributions to the Bank Guarantee Fund, the Borrowers Support Fund and the Commercial Bank Protection System”* and *“Risk Factors - Risks relating to the Group's financial situation - Claims of borrowers under mortgages denominated in CHF or indexed to CHF may adversely affect the Group's financial performance”*.

In the year ended 31 December 2022, the Group's interest income increased to PLN 11,115,376 thousand from PLN 5,870,356 thousand in the previous year, representing a 89.3 per cent increase. Interest income includes interest and commission fees received or due from loans, interbank deposits and securities measured at amortised cost recognized in the calculation of effective interest rate of loans and financial assets measured at fair value through other comprehensive income or through profit or loss and hedging derivatives. The effective interest rate is the discount rate of estimated future cash inflows and payments made during the expected period until the expiry date of the financial instruments. The calculation of the effective interest rate includes all commissions paid and received by parties to the agreement, transaction costs and all other premiums and discounts, comprising an integral part of the effective interest rate. The increase in interest income was primarily a result of the increase in market interest rates in 2022, despite the recognition of the cost of credit holidays.

In the year ended 31 December 2022 the Group's net interest income was PLN 8,243,837 thousand compared with PLN 5,660,761 thousand in the previous year, representing an increase of 45.6 per cent. This increase was mainly due to higher interest rates despite the cost related to the possible modification of PLN mortgage loan agreements granted to consumers due to their suspension of loan repayments in the amount of PLN 1,958,423 thousand. Please see *“Risk Factors - Risks relating to the Bank's business activity and industry - Regulatory intervention in the mortgage lending market may have an adverse effect on the Group's financial condition”*.

The Group's fee and commission income increased to PLN 3,439,002 thousand in the year ended 31 December 2022 from PLN 3,229,997 thousand in the year ended 31 December 2021, representing an increase of 6.5 per cent. The main reason was the activity of clients, including the currency market and the adjustment of the offer to changing market conditions. The highest growth was recorded in:

- fee and commission income related to payment cards, which increased from PLN 603,373 thousand in the year ended 31 December 2021 to PLN 748,736 thousand in the year ended 31 December 2022, representing an increase of 24.1 per cent. This increase reflected the higher volume of card transactions;
- fee and commission related to loans and advances, which increased from PLN 429,915 thousand in the year ended 31 December 2021 to PLN 459,441 thousand in the year ended 31 December 2022, representing an increase of 6.9 per cent. This increase was driven by the customers' need for financing; and
- fee and commission income related to margins on foreign exchange transactions with clients increased from PLN 596,411 thousand in the year ended 31 December 2021 to PLN 742,744 thousand for the year ended 31 December 2022, representing an increase of 24.5 per cent, which mainly resulted from the activity of clients on foreign exchange markets.

The Group's fee and commission income related to sales and the service of investment and insurance products decreased from PLN 464,339 thousand in the year ended 31 December 2021 to PLN 377,442 thousand in the year ended 31 December 2022, representing a decrease of 18.7 per cent. The decrease was mainly due to financial markets turmoil. The Group's fee and commission income related to account maintenance, payment orders and cash transactions decreased from PLN 732,513 thousand in the year ended 31 December 2021 to PLN 711,769 thousand in the year ended 31 December 2022, representing a decrease of 2.8 per cent. The decrease resulted primarily from further digitalization and increasing self-service offers for customers. Please see *“Risk factors - Risks relating to the Bank's business activity and industry - The Group may not be able to improve or sustain its current interest rate margins or commissions on loans”*.

The Group's fee and commission expense increased to PLN 631,827 thousand in the year ended 31 December 2022 from PLN 542,482 thousand in the year ended 31 December 2021, representing an increase of 16.5 per cent. This increase was mainly due to a higher level of customer activity. The highest increase was recorded in:

- fee and commission expense related to payment cards, which increased from PLN 354,957 thousand in the year ended 31 December 2021 to PLN 434,577 thousand in the year ended 31 December 2022, representing an increase of 22.4 per cent. This increase was driven by a higher volume of card transactions;
- fee and commission expense related to money orders and transfers, which increased from PLN 22,377 thousand in the year ended 31 December 2021 to PLN 27,051 thousand in the year ended 31 December 2022, representing an increase of 20.9 per cent. This increase mainly resulted from a higher volume of payments and transfers;
- fee and commission expense related to securities and derivatives operations, which increased from PLN 50,627 thousand in the year ended 31 December 2021 to PLN 57,548 thousand in the year ended 31 December 2022, representing an increase of 13.7 per cent.

The Group's fee and commission expense related to acquisition services decreased from PLN 54,543 thousand in the year ended 31 December 2021 to PLN 47,883 thousand in the year ended 31 December 2022, representing a decrease of 12.2 per cent. Fee and commission related to custody activity decreased from PLN 24,740 thousand in the year ended 31 December 2021 to PLN 22,382 thousand in the year ended 31 December 2022, representing a decrease of 9.5 per cent. Please see *"Risk factors - Risks relating to the Bank's business activity and industry - The Group may not be able to improve or sustain its current interest rate margins or commissions on loans"*.

The Group's other operating income increased to PLN 137,004 thousand in the year ended 31 December 2022 from PLN 121,546 thousand in the year ended 31 December 2021, representing an increase of 12.7 per cent, primarily due to gains on disposal of property, plant and equipment.

The Group's other operating expenses increased to PLN 641,626 thousand in the year ended 31 December 2022 from PLN 137,746 thousand in the year ended 31 December 2021, representing an increase of 365.8 per cent, primarily due to provision for legal risk regarding foreign currency mortgage loans.

The Group's net fee and commission income increased to PLN 2,807,175 thousand in the year ended 31 December 2022 from PLN 2,687,515 thousand in the year ended 31 December 2021, representing an increase of 4.5 per cent, primarily due to customer activity including currency market and adjustments of the offer to changing market conditions.

Dividend income amounted to PLN 27,874 thousand in the year ended 31 December 2022 compared with PLN 26,662 thousand in the year ended 31 December 2021, representing an increase of 4.5 per cent.

In the year ended 31 December 2022 net allowances for expected credit losses increased to PLN 2,015,904 thousand, in comparison from PLN 778,198 thousand in the year ended 31 December 2021, representing a 159.0 per cent increase. Net allowances associated with legal risk regarding foreign currency mortgage loans increased to PLN 1,246,315 thousand in the year ended 31 December 2022 from PLN 152,256 thousand in the year ended 31 December 2021, representing an increase of 718.6 per cent.

In the year ended 31 December 2022, the Group's total administrative expenses and depreciation increased to PLN 5,867,882 thousand, in comparison to PLN 4,747,260 thousand in the year ended 31 December 2021, representing an increase of 23.6 per cent. The increase was mainly attributable to the recognition of fees paid to the Commercial Bank Protection Scheme and additional contributions to the Borrowers Support Fund. Please see *"Risk factors - Risks relating to the Bank's business activity and industry - The Group is exposed to operational risk related to its business activities"*.

For the year ended 31 December 2022, the Group recorded a profit before income tax in the amount of PLN 2,882,538 thousand compared with PLN 3,001,620 thousand for the year ended 31 December 2021, representing a decrease of 4.0 per cent. This decrease resulted primarily from the payment moratoria in respect of PLN mortgage loans, additional provisions for legal risk related to CHF mortgage loans, the recognition of fees paid to the Commercial Bank Protection Scheme, additional contributions to the Borrowers Support Fund and the Bank Guarantee Fund, and an increase of provisions for refunds to customers of increased mortgage loan margins before establishing a mortgage.

In the year ended 31 December 2022, the Group's income tax expense increased to PLN 1,163,047 thousand, in comparison to PLN 825,062 thousand in the year ended 31 December 2021, representing an increase of 41.0 per cent.

In the year ended 31 December 2022, net earnings per share for the shareholders decreased to PLN 6.54 from PLN 8.29 for the year ended 31 December 2021, representing a decrease of 21.1 per cent.

Financial results of the Group for the nine-month period ended 30 September 2023

For the nine-month period ended 30 September 2023, the Group's financial results were affected by higher operating income, lower contributions to the Bank Guarantee Fund and lower provisions for legal risk related to foreign currency mortgage loans and the inflationary increase in operating costs.

For the nine-month period ended 30 September 2023, the Group generated a net profit of PLN 4,857,121 thousand, which represented an increase of 482.7 per cent compared with a net profit of PLN 833,517 thousand for the nine-month period ended 30 September 2022. The increase was mainly due to lower costs related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments (credit holidays), higher operating income, lower contributions to the Bank Guarantee Fund, no additional regulatory costs, including those for the Bank Protection System and payments to the Borrower Support Fund and lower provisions for legal risk related to foreign currency mortgage loans.

For the nine-month period ended 30 September 2023, the Group's interest income increased to PLN 13,480,257 thousand from PLN 6,668,360 thousand for the previous year, representing an increase of 102.2 per cent. Interest income includes interest and commission fees received or due from loans, interbank deposits and securities measured at amortised cost recognized in the calculation of effective interest rate of loans and financial assets measured at fair value through other comprehensive income or through profit or loss and hedging derivatives. The effective interest rate is the discount rate of estimated future cash inflows and payments made during the expected period until the expiry date of the financial instruments. The calculation of the effective interest rate includes all commissions paid and received by parties to an agreement, transaction costs and all other premiums and discounts, comprising an integral part of the effective interest rate. The increase in interest income was primarily a result of the increase in market interest rates in 2022 (that was observed mainly in the second half of 2022).

For the nine-month period ended 30 September 2023, the Group's net interest income was PLN 8,790,649 thousand compared with PLN 5,033,486 thousand for the previous year, representing an increase of 74.6 per cent. This increase was mainly due to higher market interest rates and lower costs related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments (credit holidays).

The Group's fee and commission income increased to PLN 2,653,994 thousand in the nine-month period ended 30 September 2023 from PLN 2,575,915 thousand for the nine-month period ended 30 September 2022, representing an increase of 3.0 percent. The highest growth was recorded in:

- fee and commission income related to payment cards, which increased from PLN 544,547 thousand for the nine-month period ended 30 September 2022 to PLN 619,670 thousand for the nine-month period ended 30 September 2023, representing a 13.8 per cent increase. This increase was mainly due to a higher volume of card transactions;
- fee and commission income related to loans and advances, which grew from PLN 312,279 thousand for the nine-month period ended 30 September 2022 to PLN 371,608 thousand for the nine-month period ended 30 September 2023, which represented a 19.0 per cent growth. This increase was mainly due to higher lending activity in the corporate segment; and
- fee and commission income related to sales and the service of investment and insurance products which increased from PLN 293,839 for the nine-month period ended 30 September 2022 to PLN 329,273 thousand for the nine-month period ended 30 September 2023, representing a 12.1 per cent increase. This increase was mainly due to the improving situation on capital markets.

The Group's fee and commission expense increased to PLN 526,066 thousand in the nine-month period ended 30 September 2023 from PLN 440,742 thousand in the nine-month period ended 30 September 2022, representing an increase of 19.4 per cent. The highest increase was recorded in:

- fee and commission expense related to payment cards increased from PLN 316,206 thousand in the nine-month period ended 30 September 2022 to PLN 370,916 thousand in the nine-month period ended 30 September 2023, representing a 17.3 per cent increase. The increase was mainly due to a higher volume of card transactions.
- fee and commission expense related to securities and derivatives operations increased from PLN 39,238 in the nine-month period ended 30 September 2022 thousand to PLN 47,138 thousand in the nine-month period ended 30 September 2023, representing a 20.1 per cent growth.
- fee and commission expense related to acquisition services increased from PLN 18,862 thousand in the nine-month period ended 30 September 2022 to PLN 38,370 thousand in the nine-month period ended 30 September 2023, representing an increase of 103.4 per cent.

The Group's other operating income decreased to PLN 86,528 thousand in the nine-month period ended 30 September 2023 from PLN 88,878 thousand in the nine-months period ended 30 September 2022, representing a decrease of 2.6 per cent.

The Group's other operating expenses decreased to PLN 265,957 thousand in the nine-month period ended 30 September 2023 from PLN 369,655 thousand in the nine-month period ended 30 September 2022, representing a decrease of 28.1 per cent, primarily due to a one-off impairment allowance on fixed assets, litigations and other assets in the nine months of the previous year.

The Group's net fee and commission income decreased to PLN 2,127,928 thousand in the nine-month period ended 30 September 2023 from PLN 2,135,173 thousand in the nine-month period ended 30 September 2022, representing a decrease of 0.3 per cent, primarily due to the adjustment of the offer to market conditions and due to the high margin on FX transactions with customers last year as a result of increased customer activity on the FX market after the outbreak of the war.

Dividend income amounted to PLN 29,166 thousand in the nine-month period ended 30 September 2023 compared with PLN 26,790 thousand in the nine month-period ended 30 September 2022, representing an increase of 8.9 per cent.

In the nine-month period ended 30 September 2023 net allowances for expected credit losses decreased to PLN -563,448 thousand, in comparison from PLN -924,869 thousand in the nine-month period ended 30 September 2022, representing a decrease of 39.1 per cent. Net allowances associated with legal risk regarding foreign currency mortgage loans decreased to PLN 19,374 thousand in the nine-month period ended 30 September 2023 from PLN 333,454 thousand in the nine-month period ended 30 September 2022, representing a decrease of 94.2 per cent.

In the nine-month period ended 30 September 2023, the Group's general administrative expenses and depreciation decreased to PLN 4,346,331 thousand, in comparison to PLN 4,599,185 thousand in the nine-month period ended 30 September 2022, representing a decrease of 5.5 per cent. The decrease was mainly attributable to a lower Contributions to the Bank Guarantee Fund and one-off costs in the nine-month period ended 30 September 2022: the recognition of fees paid to the Commercial Bank Protection Scheme and additional contributions to the Borrowers Support Fund.

For the nine-month period ended 30 September 2023, the Group recorded a profit before income tax in the amount of PLN 6,269,950 thousand compared with PLN 1,419,911 thousand for the nine-month period ended 30 September 2022, representing an increase of 341.6 per cent. This increase/decrease resulted primarily from higher operating income, lower BFG contributions, lower provisions for legal risk related to foreign currency mortgage loans and one-off costs in the nine-month period ended 30 September 2022 related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments (credit holidays), the recognition of fees paid to the Commercial Bank Protection Scheme and additional contributions to the Borrowers Support Fund.

In the nine-month period ended 30 September 2023, the Group's income tax expense amounted to PLN 1,412,829 thousand, in comparison to PLN 586,394 thousand in the nine-month period ended 30 September 2022, representing an increase of 140.9 per cent.

In the nine-month period ended 30 September 2023, earnings per share increased to PLN 18.50 from PLN 3.17 for the nine-month period ended 30 September 2022, representing an increase of 483.6 per cent.

Consolidated Statements of Comprehensive Income

	Nine months ended 30 September		Year ended 31 December	
	2023	2022	2022	2021 (restated)
	<i>(in PLN thousand)</i>			
Net profit / loss.....	4,857,121	833,517	1,719,491	2,176,558
Other comprehensive income				
Item that are or may be reclassified subsequently to profit or loss:				
Impact of revaluation of debt financial instruments and loan measured at fair value through other comprehensive income (net):.....	639,172	(812,753)	(637,915)	(1,273,417)
Profit or loss on fair value measurement	653,400	(802,809)	(618,136)	(1,245,039)
Profit or loss reclassification to income statement after derecognition.....	(14,228)	(9,944)	(19,779)	(28,378)
Impact of revaluation of derivative instruments hedging cash flows (net)	1,454,724	(1,745,398)	(983,264)	(1,736,277)
Items that will never be reclassified to profit or loss:				
Impact of revaluation of investments in equity	56,198	(73,088)	(47,835)	6,802

	Nine months ended 30 September		Year ended 31 December	
	2023	2022	2022	2021 (restated)
(in PLN thousand)				
instruments designated at fair value through other comprehensive income (net).....				
Remeasurements of the defined benefit liabilities (net)	(21,621)	14,251	(8,151)	38,710
Other comprehensive income (net of tax)	2,128,473	(2,616,988)	(1,677,165)	(2,964,182)
Total comprehensive income	6,985,594	(1,783,471)	42,326	(787,624)
1. Attributable to equity holders of the Bank.....	6,983,821	(1,785,481)	40,393	(789,322)
2. Attributable to non-controlling interests.....	1,773	2,010	1,933	1,698

Financial results of the Group for 2022

The Group's total other comprehensive income for year 2022 was positive and amounted to PLN 42,326 thousand, whereas the Group's total other comprehensive income for the year 2021 was negative and amounted to PLN -787,624 thousand. This change was mainly due to less negative net impact caused by the revaluation of derivative financial instruments hedging cash flows and less negative net impact caused by the revaluation of debt financial securities and loan measured at fair value through other comprehensive income.

In the year ended 31 December 2022, the Group recorded other comprehensive loss in the amount of PLN 1,677,165 thousand, in comparison with other comprehensive loss of PLN 2,964,182 thousand, representing a decrease of 43.4 per cent.

Financial results of the Group for the nine-month period ended 30 September 2023

For the nine-month period ended 30 September 2023, the Group's total comprehensive income was positive and amounted to PLN 6,985,594 thousand compared with negative total comprehensive income of PLN 1,783,471 thousand for the nine-month period ended 30 September 2022. This change was mainly due to higher net impact of revaluation of derivative instruments hedging cash flows by PLN 3,200,122 thousand, higher net profit by PLN 4,023,604 thousand and higher net impact of the revaluation of debt financial instruments and loan measured at fair value through other comprehensive income by PLN 1,451,925 thousand.

In the nine-month period ended 30 September 2023, the Group recorded positive other comprehensive income in the amount of PLN 2,128,473 thousand, in comparison with negative other comprehensive income of PLN 2,616,988 thousand for the nine-month period ended 30 September 2022.

Consolidated Statements of Financial Position

	As at 30 September 2023	As at 31 December	
		2022	2021 (restated)
(in PLN thousand)			
ASSETS			
Cash and due from Central Bank.....	11,312,470	13,436,334	4,696,620
Loans and advances to banks.....	6,452,017	4,678,613	3,328,087
Derivative financial instruments (held for trading).....	10,212,324	15,088,916	7,928,539
Hedging instruments.....	622,401	279,589	78,216
Loans and advances to customers (including receivables from finance leases)	162,422,401	158,720,990	159,228,756
Securities	110,209,151	80,317,445	67,320,567
Assets pledged as security for liabilities	1,112,464	929,526	846,097
Assets held for sale.....	12,038	12,382	12,744
Investments in associates.....	51,566	48,476	44,035
Intangible assets	2,339,871	2,253,287	2,300,382
Property, plant and equipment	1,769,223	1,572,093	1,830,231
Income tax assets.....	1,289,395	1,849,574	1,865,347
1. Current tax assets.....	14,388	271,047	216,539
2. Deferred tax assets.....	1,275,007	1,578,527	1,648,808
Other assets	2,129,438	1,951,807	1,086,984
TOTAL ASSETS	309,934,759	281,139,032	250,566,605

	As at 30 September 2023	As at 31 December	
		2022	2021 (restated)
		(in PLN thousand)	
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to Central Bank.....	-	-	-
Amounts due to other banks	7,791,984	8,594,396	8,575,469
Financial liabilities held for trading.....	431,216	874,591	639,733
Derivative financial instruments (held for trading).....	10,010,184	15,521,489	7,969,343
Amounts due to customers	241,308,438	210,747,090	195,161,943
Hedging instruments.....	1,638,387	3,176,413	2,221,732
Debt securities issued	9,912,101	10,337,485	5,355,355
Subordinated liabilities	2,845,575	2,789,132	2,761,474
Income tax liabilities	1,256,545	26,826	29,871
1. Current tax liabilities	1,235,404	4,001	4,966
2. Deferred tax liabilities.....	21,141	22,825	24,905
Provisions.....	1,639,843	1,402,154	883,108
Other liabilities	4,764,811	4,894,444	3,105,291
TOTAL LIABILITIES.....	281,599,084	258,364,020	226,703,319
Equity			
Share capital	262,470	262,470	262,470
Other capital and reserves.....	21,590,003	18,978,222	19,554,958
Retained earnings and net profit for the period.....	6,471,193	3,522,191	4,034,001
Total equity attributable to equity holders of the Bank.....	28,323,666	22,762,883	23,851,429
Non-controlling interests	12,009	12,129	11,857
TOTAL EQUITY	28,335,675	22,775,012	23,863,286
TOTAL LIABILITIES AND EQUITY.....	309,934,759	281,139,032	250,566,605

Items from Consolidated Cash Flow Statements

	Nine months ended 30 September		Year ended 31 December	
	2023	2022	2022	2021 (restated)
	(in PLN thousand)			
Net cash flows from operating activities.....	30,863,571	6,270,647	18,478,955	850,571
Net cash flows from investing activities	(29,714,004)	6,757,486	(13,160,507)	3,343,923
Net cash flows from financing activities.....	(1,225,756)	2,981,287	4,639,312	(3,464,217)
Total net cash flows.....	(76,189)	16,009,420	9,957,760	730,277
including effect of exchange rate fluctuations on cash and cash equivalents held	(56,183)	286,284	92,964	20,131
Net change in cash and cash equivalents	(76,189)	16,009,420	9,957,760	730,277
Cash and cash equivalents at the beginning of the period	17,693,385	7,735,625	7,735,625	7,005,348
Cash and cash equivalents at the end of the period.....	17,617,196	23,745,045	17,693,385	7,735,625

Capital Adequacy

The Group is required to comply with the following regulations when calculating, among others, its capital ratios, its own funds and its total capital requirement:

- the CRR Regulation;
- the Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council with further amendments (**ITS Regulation**);
- the Banking Law;

- the Act on Macroprudential Supervision of the Financial System and Crisis Management of 5 August 2015; and
- the Regulation of the Minister of Development and Finance of 25 May 2017 on credit exposures secured by mortgages on real estate property.

The entities included in the scope of prudential consolidation according to the rules of the CRR Regulation are taken into account in the process of calculating the consolidated own funds and capital requirements.

The Group is required to maintain minimal values of capital ratios resulting from the Pillar 1 level, the Pillar 2 capital requirement and the combined buffer requirement.

Minimal value of capital ratios on Pillar 1 level are:

- Total capital ratio (TCR) in an amount of 8 per cent;
- Tier 1 capital ratio (T1) in an amount of 6 per cent;
- Common Equity Tier I capital ratio (CET 1) in an amount of 4.5 per cent.

On Pillar II, the Group has no additional capital requirement (P2R). This is due to the KNF's decision stating the expiration of the previous KNF's decision regarding additional own funds requirement above the value resulting from the requirements calculated in accordance with the rules set forth in Regulation CRR. The Bank received the expiration decision on 18 February 2022.

Combined buffer requirement as at 30 September 2023 consisted of:

- capital conservation buffer in an amount of 2.50 per cent;
- countercyclical capital buffer in an amount of 0.02 per cent;
- other systemically important institution buffer in an amount of 1.00 per cent; and
- systemic risk buffer in an amount of 0.00 per cent (according to the Regulation of the Minister of Finance, the systemic risk buffer was abolished on 19 March 2020. The buffer value applicable until that date was 3 per cent of the total risk exposure amount of the total Polish exposure).

In total, the Group is required to maintain:

- Total capital ratio (TCR) in an amount of 11.52 per cent;
- Capital ratio Tier 1 (T1) in an amount of 9.52 per cent;
- Common Equity Tier (CET 1) in an amount of 8.02 per cent.

As at 30 September 2023 the total capital ratio of the Group amounted at 17.3 per cent (as of 30 September 2022 – 16.6 per cent).

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

	As at 30 September		As at 31 December	
	2023	2022	2022	2021 (restated)
	<i>(in PLN thousand)</i>			
CAPITAL REQUIREMENTS				
Credit risk.....	10,291,288	10,792,080	10,168,122	10,756,386
Market risk	96,131	109,040	105,618	112,121
Counterparty risk including CVA*.....	222,164	298,097	228,395	253,316
Operational risk	1,434,416	1,031,994	1,359,528	848,430
Total capital requirement	12,043,999	12,231,211	11,861,663	11,970,253
OWN FUNDS				
Common Equity Tier 1 capital	23,464,744	23,230,780	23,119,666	23,659,934
Capital Tier 1.....	2,519,989	2,750,000	2,706,873	2,750,000
Own funds for total capital ratio	25,984,733	25,980,780	25,826,539	26,409,934
OWN FUNDS REQUIREMENTS				
Common Equity Tier 1 capital ratio (%).....	15.6	15.2	15.6	15.8
Total capital ratio (%).....	17.3	16.6	17.4	17.7

* "CVA" means an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty. That adjustment reflects the current market value of the credit risk of the counterparty to the institution, but does not reflect the current market value of the credit risk of the institution to the counterparty.

Financial results of the Group in 2022

As at 31 December 2022, the Group's total capital ratio was 17.4 per cent compared with 17.7 per cent as at 31 December 2021. Total capital requirement decreased by 0.9 per cent mainly due to a lower credit risk capital requirement. As at 31 December 2022, the Group's Common Equity Tier 1 Capital was lower by 0.2 per cent compared with 31 December 2021 mainly due to a decrease of the HTC&S portfolio valuation. Own funds for total capital ratio calculation decreased by 2.2 per cent at the end of 2022 compared with the end of 2021.

Financial results of the Group for the nine-month period ended 30 September 2023

As at 30 September 2023, the Group's total capital ratio was 17.3 per cent compared with 16.6 per cent as at 30 September 2022. Total capital requirement decreased by 1.5 per cent mainly due to a lower credit risk capital requirement. As at 30 September 2023, the Group's Common Equity Tier 1 Capital amounted to 15.6 per cent, compared with 15.2 per cent as at 30 September 2022. Own funds for total capital ratio calculation increased by 0.02 per cent at 30 September 2023 compared with 30 September 2022.

Alternative Performance Measures

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

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

APM	Definition
Cost/Income.....	stands for general administrative expenses and depreciation excluding banking tax stated in profit and loss statement divided by operating income stated in profit and loss statement
Cost of Risk	stands for the result of impairment losses on financial assets and provisions for off-balance sheet liabilities divided by average volume of gross loans
ROE	stands for net profit stated in balance sheet divided by average own funds including current year net profit
ROA.....	stands for net profit stated in balance sheet divided by average assets
NIM	stands for net interest income stated in profit and loss statement divided by average working assets
L/D.....	stands for the quotient of loans and advances to customers excluding reverse repo transactions and including net investments in financial leases to customers and non-treasury debt securities by amounts due to customers excluding repo transactions and debt securities issued and subordinated liabilities
NPL ratio	ratio of the amount of non-performing loans to the total amount of outstanding loans
NPL coverage ratio.....	ratio of the amount of allowances for non-performing loans to the total amount of non-performing loans

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

In particular:

- (i) the ratios presented by the Issuer are aimed at quantifying certain aspects of the Issuer's business and its strengths within the context of the Polish banking system; and

- (ii) the alternative performance measures, although not required by law in the preparation of financial statements, allow for comparisons with other banks, over different periods of time and between the Issuer and the average industry standards.

Key Financial Ratios

The table below presents selected financial ratios for the Group as at the dates and for the periods indicated below. Definitions of the Alternative Performance Measures are presented above in section "*Selected Financial Information of the Group – Alternative Performance Measures*".

	Nine months ended 30 September		Year ended 31 December	
	2023	2022	2022	2021 (restated)
	(per cent.)			
Cost/Income	33.0	54.7	44.9	47.3
Cost of Risk.....	0.42	0.68	1.12	0.45
ROE.....	25.2	4.9	7.6	8.7
ROA	2.2	0.4	0.6	0.9
NIM.....	4.2	2.7	3.3	2.4
L/D	66.9	80.6	75.2	83.3
NPL ratio.....	6.6	5.7	6.4	5.2
NPL coverage ratio.....	71.6	67.5	70.3	67.6

DESCRIPTION OF THE GROUP

Overview

Bank Polska Kasa Opieki Spółka Akcyjna (short name: Bank Pekao S.A.), established in 1929, is one of the largest financial institutions in the CEE region and the second largest universal bank by total assets in Poland with over PLN 280 billion in assets. The Bank conducts operations both in Polish zlotys and foreign currencies and actively participates in trading on domestic and foreign financial markets. It offers a full range of banking services to retail and institutional customers. The Bank is well established as a market leader in private banking, asset management and brokerage activities. The diversified business profile of the Bank is supported by a strong capital and liquidity position, while maintaining the highest risk management standards. The Bank offers products and services that are highly-competitive on the Polish market. It also guarantees a high level of customer service and owns a well-developed distribution network. The Bank's broad product portfolio, innovative solutions and its individual approach to customers ensure comprehensive financial services, while its integrated service model provides top-quality services to customers and ensures optimal adaptation to changing needs. The Bank is steadily strengthening its market position in strategic business areas. Since 2017, the Bank is part of the PZU capital group, one of the largest financial institutions in the CEE region. Since 3 November 2023 the Bank holds "single European passport" authorizing it to provide cross-border banking services within the European Economic Area without having to open a branch.

Based on the Management's Board assessment as at 31 December 2022 the Group had approximately 6,4 million retail customers in Poland, making the Group the third largest network of retail customers in Poland.

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 commercial register of the National Court Register under number 0000014843 and its registered office is at ul. Żubra 1, 01-066 Warsaw, Poland. Its telephone number is (22) 59 12 232. 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**).

The parent entity of the Bank is PZU, which has its registered office in Warsaw at Rondo Daszyńskiego 4 and 34.2% of which is owned by the Polish State Treasury.

History

The Bank was incorporated and registered in the Commercial Register of the District Court in Warsaw on 29 October 1929 and has been continuously operating since its incorporation.

In the 1990s the Bank opened its first brokerage firm in Poland. In 1996, Grupa Pekao S.A. was established. It included, in addition to the Bank, Bank Depozytowo-Kredytowy S.A., Powszechny Bank Gospodarczy S.A. and Pomorski Bank Kredytowy S.A. In 1998, these banks began a merger process which was successfully concluded in 1999. In 1998, the Bank debuted on the WSE and, in 1999, the Bank became a member of UniCredit group. In 2007, a merger took place between the Bank and part of BPH S.A. As a result, the Bank became the largest financial group in Poland and the largest bank in the CEE region at that time. Another consequence of this merger was taking over BPH S.A.'s entire portfolio of CHF Mortgage Loans (please see also: *"Risk Factors - Claims of borrowers under mortgages denominated in CHF or indexed to CHF may adversely affect the Group's financial performance"*). In 2017, the Bank was taken over by PZU and Polski Fundusz Rozwoju S.A. and became a part of the PZU Group, one of the largest financial institutions in the CEE region. In 2017, the Bank also acquired a 51 per cent stake in Pioneer Pekao Investment Management S.A. and 50 per cent. stake in Dom Inwestycyjny Xelion sp. z o.o. ("**Xelion**").

In 2019-2020, Pekao Brokerage House consolidated its brokerage business the brokerage business of Pekao IB and Xelion.

In 2020, the Bank took over certain assets and liabilities of Idea Bank S.A., through the acquisition of the assets and rights in the form of enterprise and the simultaneous acquisition of liabilities, under the resolution tool of the BGF Act.

Since 2018, the Bank has been a member of the STOXX Europe 600 Index and the FTSE Developed Equity Index. It is also a member of several local and global indices, including WIG Banki, WIG 20, WIG 30, WIG ESG, MSCI Emerging Markets, FTSE4Good, and the Bloomberg Gender-Equality Index.

In 2021, the Bank became the owner of 210,641 shares constituting 38.33 per cent of share capital of Krajowy Integrator Płatności S.A. and sold 100 per cent of its shares in Xelion.

Shareholders

Overview

As at the date of this Base Prospectus, the Bank's share capital is divided into 262,470,034 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. All the existing shares are ordinary bearer shares. There are no special preferences or limitations connected with the shares, or differences in the rights

attached to them. The rights and obligations related to the shares are defined by the provisions of the Commercial Companies Code and other applicable laws.

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 of 30 September 2023:

	Number of shares	per cent of voting rights at the General Meeting
Powszechny Zakład Ubezpieczeń S.A.....	52,494,007	20.00
Polski Fundusz Rozwoju S.A.	33,596,166	12.80
Funds managed by Nationale Nederlanden Powszechnie Towarzystwo Emerytalne S.A.....	16,800,000	6.40
Funds managed by Powszechnie Towarzystwo Emerytalne Allianz Polska S.A.	15,500,051	5.91
Other shareholders (below 5 per cent)	144,079,810	54.89
Total	262,470,034	100.00

PZU's and PFR's control over the Bank

Nature of control

Together, PZU and PFR have control over the Bank. As at the date of this Base Prospectus, PZU holds 20.00 per cent of shares in the Bank's share capital and 20.00 per cent of voting rights at the Bank's General Meeting, while PFR holds 12.80 per cent of shares in the Bank's share capital and 12.80 per cent of voting rights at the Bank's General Meeting. PZU and PFR are controlled by the Polish State Treasury, which makes the Bank indirectly controlled by the Polish State Treasury (see more in "*Risk Factors— The Bank is indirectly controlled by the Polish State Treasury, which may exert politically motivated influence on the Bank*"). The biggest shareholders PZU and PFR can directly, and the Polish State Treasury indirectly through PZU and PFR, 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; (e) distribution of profits and covering losses; (f) amendments to the Articles of Association; (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, PZU and PFR, 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 6 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 a dividend of PLN 1,422,587,584.28 to the Bank's shareholders. The dividend was paid out on 4 July 2023.

Organisational structure of the Group

The Group consists of Bank as the parent company and the following subsidiaries:

Name of the entity	Registered office	Scope of activities	Percentage of the Bank in the share capital/votes	
			30.09.2023	31.12.2022
Pekao Bank Hipoteczny S.A.	Warsaw	Banking	100.00	100.00
Pekao Leasing Sp. z o.o.	Warsaw	Leasing services	100.00	100.00
PeUF Sp. z o.o. (subsidiary of Pekao Leasing Sp. z o.o.)	Warsaw	Financial support	100.00	100.00
Pekao Investment Banking S.A.	Warsaw	Brokerage	100.00	100.00

Name of the entity	Registered office	Scope of activities	Percentage of the Bank in the share capital/votes	
			30.09.2023	31.12.2022
Pekao Faktoring Sp. z o.o.	Lublin	Factoring services	100.00	100.00
Centrum Kart S.A.	Warsaw	Financial support	100.00	100.00
Pekao Financial Services Sp. z o.o.	Warsaw	Transfer agent	66.50	66.50
Pekao Direct Sp. z o.o.	Kraków	Call- center services	100.00	100.00
Pekao Property S.A. (in liquidation)	Warsaw	Property development	100.00	100.00
FPB - Media Sp. z o.o. (in bankruptcy) (subsidiary of Pekao Property S.A.)	Warsaw	Property development	100.00	100.00
Pekao Fundusz Kapitałowy Sp. z o.o. (in liquidation)	Warsaw	Economic advice	100.00	100.00
Pekao Investment Management S.A.	Warsaw	Holding activity	100.00	100.00
Pekao TFI S.A. (subsidiary of Pekao Investment Management S.A.)	Warsaw	Asset management	100.00	100.00

As at 30 September 2023 and 31 December 2022, all subsidiaries were consolidated.

At 30 September 2023 and 31 December 2022, the Group had no interests in jointly controlled entities.

Ratings

The Bank cooperates with three leading credit rating agencies: Fitch Ratings Ireland Limited (Fitch), S&P Global Ratings Europe Limited (S&P), and Moody's Investors Service Cyprus Ltd. (Moody's). In the case of the first two agencies, the ratings are provided on a solicited basis under relevant agreements, and with respect to Moody's the ratings are unsolicited and they are based on publicly available information and review meetings.

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

Category	Rating - for the Bank	Rating - for Poland
Long-term deposit rating	A2	A2
Short-term deposit rating	P-1	P-1
Baseline Credit Assessment	baa2	-
Long-term counterparty risk assessment	A2(cr)	-
Short-term counterparty risk assessment	P-1(cr)	-
Outlook	Stable	Stable
Long-term Counterparty Risk Rating	A2	-
Short-term Counterparty Risk Rating	P-1	-

As at the date of this Base Prospectus, the Bank has the following ratings assigned by S&P:

Category	Rating - for the Bank	Rating - for Poland
Long-term rating in foreign currencies	BBB+	A-
Long-term rating in domestic currency	BBB+	A
Short-term rating in foreign currencies	A-2	A-2
Short-term rating in domestic currency	A-2	A-1
Stand-alone credit profile	bbb+	-
Outlook	Stable	Stable

Category	Rating - for the Bank				Rating - for Poland
Long-term RCR in foreign currencies				A-	-
Short-term RCR in foreign currencies				A-2	-
Long-term RCR in domestic currency				A-	-
Short-term RCR in domestic currency				A-2	-
Long-term issue rating of Senior Preferred SP1 series bonds				BBB+	-

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

Category	Rating - for the Bank	Rating - for Poland
Long-Term Default rating (IDR)	BBB	A-
Short-Term Default Rating	F2	F1
Viability Rating	bbb	-
Government Support Rating	No support	-
Outlook	Stable	Stable
National Long-Term Rating	AA-(pol)(stable outlook)	-
National Short-Term Rating	F1+(pol)	-

Strategy

In March 2021, the Bank announced a new strategy for 2021-2024 entitled “Responsible Bank. Modern banking”. According to this strategy, the Bank intends to remain a universal bank and be the bank of first choice for its clients, further develop a remote distribution and customer service model, focus on cost and process efficiency, and grow in the most profitable market segments. The Bank’s ambition is to achieve a strong position among the most profitable and effective banks in Poland, increase return on equity, reduce the cost-to-income ratio and increase the number of active mobile banking customers.

The strategy is based on the following four pillars:

- “Customer” – the Bank intends to be the universal bank of first choice for its customers by personalizing relations with its customers and developing a remote distribution and customer service model with the use of mobile solutions and innovations. The Bank’s goal is to focus on supporting clients’ financial liquidity, further digitizing and automating its processes and implementing advanced digital solutions. The Bank plans to make an even greater use of advanced data analytics and modern sales support tools in order to personalize the offer, improve service quality and increase the propensity of its customers to recommend the Bank’s services;
- “Growth” – the Bank intends to grow in the most profitable and promising segments, including through its cooperation with PZU, product groups and areas of untapped potential, including customer finance, micro-enterprises and Small and Medium Enterprises (SMEs). The Bank intends to strengthen its position among groups of young clients and to increase its presence on the e-commerce market. The Bank assumes that the digitalization of offer and service processes will enable the Bank to solidify its position in SME and Medium Enterprises (MID) segments, and pave the way for growth in investment products, and to increase the Bank’s return on equity;
- “Efficiency” – the Bank intends to focus on cost and process efficiency, including through the migration of its processes to digital channels and developing a new integrated distribution model. The Bank trusts that process optimization will lead to greater efficiency and will allow the Bank to improve its cost-to-income ratio. The Bank plans to invest in transformation and develop IT in the areas of technology and innovation, modern architecture, rapid software development, infrastructure reliability, human resources and competence. The Bank intends to offer fast and convenient credit processes; and
- “Responsibility” – the Bank intends to continue supporting economic development by focusing on distributing government and EU economic recovery and climate transformation programmes to its customers. At the same time the Bank intends to put greater emphasis on ESG factors in the Bank’s operations and business activity. The

Bank also plans to maintain a safe risk profile in the changing market environment and have one of the lowest risk costs among the largest banks. To do so, it intends to improve its risk model infrastructure, automate credit scoring processes, and ensure cybersecurity.

The Bank's strategic goals for the year ending 31 December 2024 set out in the Strategy 2021-2024 (announced in March 2021) are:

- digitization rate of nearly 100 per cent;
- return on equity at the level of approximately 10 per cent;
- cost-to-income ratio at the level of 42 per cent; and
- 3.2 million active mobile banking customers.

On 25 June 2021, the Bank also adopted an ESG strategy for 2021-2024, which is an integral part of the Bank's business strategy. The Bank's ESG strategy is based on the following pillars:

- "Environment" – the Bank intends to finance sustainable projects and be more involved in the energy and ecological transformation of Poland and environmental protection in accordance with the principles of the European Green Deal - a package of policy initiatives, which aims to set the EU on the path to a green transition, with the ultimate goal of reaching climate neutrality by 2050;
- "Engagement" – the Bank intends to be socially engaged (including educational engagement), support the development of Polish companies and implement digital and innovative solutions;
- "Governance" – the Bank intends to maintain high standards of corporate governance and an ethical approach to business while integrating ESG in all its key processes and ensuring the development, diversity and equality of its employees.

The Bank's strategic goals for the year ending 31 December 2024 set out in the ESG strategy are:

- more than PLN 30 billion of financing (including the bank's support for PLN 22 billion ESG bonds issues by the Bank's clients) for new sustainable projects;
- increasing the number of hours worked as part of employee volunteering to 5,500 hours;
- continued reduction of the gender pay gap by ca. 5 per cent.

Competitive strengths

The Group's main competitive strengths are as follows:

- one of the largest financial institutions in the CEE region and the second largest Polish bank by total assets with a leading retail and corporate franchise;
- the third largest Polish bank by capitalization with one of the most liquid stocks listed on the WSE, market capitalization of approximately PLN 35 billion (as of 10 November 2023) and a free float of approximately 67 per cent;
- long term focus on sustainable growth in the most profitable areas as well as operational and digital transformation to create profitability and be one of cost efficiency leaders in the Polish banking market;
- one of the most resilient and capital generative banks in Europe with a defensive and diversified balance sheet with prudent risk management (underlined by the first position in the 2023 EU-wide EBA stress tests);
- high quality results, proven historically by a high and stable level of dividend payment (almost PLN 20 billion dividend paid out over the last decade). Declaration of payment of 50-75 per cent of profit in the form of dividends in the coming years in line with the Bank's strategy;
- the second largest retail customer base by number of customers in Poland and the leading Polish bank for large Polish corporate customers;
- one of the top three banks by mortgage loan portfolio in Poland; and
- one of the top 3 Polish banks by the strength of capital position and the market leader in risk management.

Business

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

- Retail Banking, which offers all banking activities related to retail customers (excluding private banking customers) and micro companies with an annual turnover not exceeding PLN 5 million.
- Private Banking, which offers all banking activities related to the most affluent retail customers with financial assets exceeding PLN 1 million.
- Corporate and Investment Banking, which offers all banking activities related to large companies.
- Enterprise Banking, which offers all banking activities related to small and medium enterprises and medium corporations with an annual turnover of up to PLN 500 million and below 50 million in the case of companies required to keep comprehensive accounting records.
- Assets and Liabilities Management and Other, which includes the results of fund transfers, interbank market, debt securities and other instruments, other activities centrally managed and the results of subsidiaries and the shares in the net profit of associates accounted for using the equity method that are not assigned to other reporting segments.

The tables below present certain segment information for 2022 and 2021 deriving from note 6 to the 2022 Consolidated Financial Statements and for the first nine months of 2023 ended 30 September 2023 which is derived from note 7 to the Q3 2023 Consolidated Financial Statements. For a more detailed description of how the segment information has been prepared, see note 6 to the 2022 Consolidated Financial Statements and note 7 to Q3 2023 Consolidated Financial Statements.

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
	<i>(in PLN thousand)</i>					
1 January to 31 December 2022						
External interest income	4,494,171	12,486	3,871,568	1,472,216	1,264,935	11,115,376
External interest expenses	(669,191)	(136,989)	(1,611,845)	(111,362)	(342,152)	(2,871,539)
Net external interest income	3,824,980	(124,503)	2,259,723	1,360,854	922,783	8,243,837
Internal interest income	3,756,601	366,593	2,733,143	745,262	(7,601,599)	-
Internal interest expenses	(4,458,284)	(14,246)	(3,437,064)	(1,108,000)	9,017,594	-
Net internal interest income	(701,683)	352,347	(703,921)	(362,738)	1,415,995	-
Total net interest income	3,123,297	227,844	1,555,802	998,116	2,338,778	8,243,837
Fee and commission income and expense	1,081,055	139,939	713,055	727,032	146,094	2,807,175
Other non-interest income	(453,015)	(1,179)	173,996	56,775	(66,281)	(289,704)
Operating income	3,751,337	366,604	2,442,853	1,781,923	2,418,591	10,761,308
Personal Expenses	(982,547)	(91,647)	(269,633)	(241,412)	(715,089)	(2,300,328)
General administrative expenses and depreciation (including allocation of operating costs)	(1,530,595)	(61,360)	(241,637)	(319,805)	(370,774)	(1,782,623)
Operating costs	(2,513,142)	(153,007)	(511,270)	(561,217)	(344,315)	(4,082,951)
Gross operating profit	1,238,195	213,597	1,931,583	1,220,706	2,074,276	6,678,357
Net allowances for expected credit losses	(1,599,063)	(2,404)	(193,147)	(179,514)	(41,776)	(2,015,904)
including: legal risk regarding foreign currency mortgage loans	(1,246,315)	-	-	-	-	(1,246,315)
Net operating profit	(360,868)	211,193	1,738,436	1,041,192	2,032,500	4,662,453
Contributions to the Bank Guarantee Fund	(304,040)	(721)	(211,912)	(90,439)	339,893	(267,219)
Fee paid for the Protection Scheme	-	-	-	-	(482,140)	(482,140)

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
<i>(in PLN thousand)</i>						
Contributions to the Borrowers Support Fund.....	(169,382)	-	-	-	-	(169,382)
Tax on certain financial institutions.....	(351,767)	(1,323)	(258,919)	(106,678)	(147,503)	(866,190)
Gains on associates					5,016	5,016
Profit before tax.....	(1,186,057)	209,149	1,267,605	844,075	1,747,766	2,882,538
Income tax expense.....						(1,163,047)
Net profit.....						1,719,491
Attributable to equity holders of the Bank.....						1,717,570
Attributable to non-controlling interests						1,921
Allocated assets	76,177,321	256,961	75,923,362	25,190,441	75,382,572	252,930,657
Unallocated assets						28,208,375
Total assets						281,139,032
Allocated liabilities	119,191,822	14,533,106	63,256,711	30,606,608	5,207,845	232,796,092
Unallocated liabilities						25,567,928
Total liabilities						258,364,020

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
<i>(in PLN thousand)</i>						
1 January to 31 December 2021						
External interest income	2,814,849	4,159	1,283,845	466,800	1,300,703	5,870,356
External interest expenses	(47,337)	(9,806)	(82,630)	(3,673)	(66,149)	(209,595)
Net external interest income	2,767,512	(5,647)	1,201,215	463,127	1,234,554	5,660,761
Internal interest income	2,519,421	269,708	775,401	475,682	(4,040,212)	-
Internal interest expenses.....	(860,444)	(3,112)	(440,155)	(166,455)	1,470,166	-
Net internal interest income.....	1,658,977	266,596	335,246	309,227	(2,570,046)	-
Total net interest income	4,426,489	260,949	1,536,461	772,354	(1,335,492)	5,660,761
Fee and commission income and expense	1,053,038	183,169	670,054	652,515	128,739	2,687,515
Other non-interest income	(33,964)	(2,071)	119,346	43,600	46,963	173,874
Operating income	5,445,563	442,047	2,325,861	1,468,469	(1,159,790)	8,522,150
Personal Expenses	(891,649)	(80,331)	(223,752)	(195,318)	(765,006)	(2,156,056)
General administrative expenses and depreciation (including allocation of operating costs)	(1,402,837)	(59,755)	(207,095)	(289,132)	(375,845)	(1,582,974)
Operating costs	(2,294,486)	(140,086)	(430,847)	(484,450)	(389,161)	(3,739,030)
Gross operating profit.....	3,151,077	301,961	1,895,014	984,019	(1,548,951)	4,783,120
Net allowances for expected credit losses	(466,875)	1,023	(158,345)	(95,064)	(58,937)	(778,198)
including: legal risk regarding foreign currency mortgage loans	(152,256)	-	-	-	-	(152,256)
Net operating profit.....	2,684,202	302,984	1,736,669	888,955	(1,607,888)	4,004,922

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
	(in PLN thousand)					
Contributions to the Bank Guarantee Fund	(299,769)	(840)	(180,515)	(73,275)	265,092	(289,307)
Tax on certain financial institutions	(348,601)	(2,136)	(223,809)	(83,411)	(60,966)	(718,923)
Gains on associates					4,928	4,928
Profit before tax.....	2,035,832	300,008	1,332,345	732,269	(1,398,834)	3,001,620
Income tax expense						(825,062)
Net profit.....						2,176,558
Attributable to equity holders of the Bank.....						2,174,897
Attributable to non-controlling interests						1,661
Allocated assets	82,028,162	270,870	71,000,254	21,743,576	56,085,191	231,128,053
Unallocated assets						19,438,552
Total assets						250,566,605
Allocated liabilities.....	115,891,566	15,662,864	48,066,211	27,167,108	5,624,136	212,411,885
Unallocated liabilities						14,291,434
Total liabilities						226,703,319

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
	(in PLN thousand)					
1 January to 30 September 2023						
External interest income.....	5,676,234	7,416	3,942,762	1,465,990	2,387,855	13,480,257
External interest expenses.....	(1,651,873)	(338,579)	(2,062,123)	(268,836)	(368,197)	(4,689,608)
Net external interest income	4,024,361	(331,163)	1,880,639	1,197,154	2,019,658	8,790,649
Internal interest income.....	5,719,447	595,312	3,521,625	1,361,547	(11,197,931)	-
Internal interest expenses.....	(4,265,852)	(7,075)	(3,724,920)	(1,179,019)	9,176,866	-
Net internal interest income.....	1,453,595	588,237	(203,295)	182,528	(2,021,065)	-
Total net interest income	5,477,956	257,074	1,677,344	1,379,682	(1,407)	8,790,649
Fee and commission income and expense	856,557	109,720	526,219	517,836	117,596	2,127,928
Other non-interest income	(201,995)	(934)	203,938	39,145	217,015	257,169
including: legal risk regarding foreign currency mortgage loans	(193,201)	-	-	-	-	(193,201)
Operating income of reportable segments.....	6,132,518	365,860	2,407,501	1,936,663	333,204	11,175,746
Personnel expenses.....	(835,270)	(79,185)	(234,353)	(206,277)	(672,269)	(2,027,354)
General administrative expenses and depreciation (including allocation of operating costs).....	(1,419,239)	(54,050)	(222,898)	(283,940)	510,690	(1,469,437)
Operating costs	(2,254,509)	(133,235)	(457,251)	(490,217)	(161,579)	(3,496,791)
Gross operating profit	3,878,009	232,625	1,950,250	1,446,446	171,625	7,678,955
Net allowances for expected credit losses	(283,234)	4,115	(238,672)	18,719	(64,376)	(563,448)
including: legal risk regarding foreign currency mortgage loans	(19,374)	-	-	-	-	(19,374)
Net operating profit.....	3,594,775	236,740	1,711,578	1,465,165	107,249	7,115,507

	RETAIL BANKING	PRIVATE BANKING	CORPORATE AND INVESTMENT BANKING	ENTERPRISE BANKING	ASSETS & LIABILITIES MANAGEMENT AND OTHER	TOTAL
	(in PLN thousand)					
Contributions to the Bank Guarantee Fund	(99,419)	(206)	(71,658)	(33,127)	14,034	(190,376)
Tax on certain financial institutions.....	(245,997)	(934)	(124,775)	(84,959)	(202,499)	(659,164)
Gains on associates.....	-	-	-	-	3,983	3,983
Profit before tax.....	3,249,359	235,600	1,515,145	1,347,079	(77,233)	6,269,950
Income tax expense						(1,412,829)
Net profit						4,857,121
Attributable to equity holders of the Bank.....						4,855,348
Attributable to non-controlling interests						1,773
Allocated assets	74,038,123	241,016	76,084,210	26,747,278	109,642,449	286,753,076
Unallocated assets						23,181,683
Total Assets						309,934,759
Allocated liabilities.....	130,121,767	14,523,899	75,314,622	36,171,135	5,970,369	262,101,792
Unallocated liabilities.....						19,497,292
Total Liabilities						281,599,084

Retail Banking

The Group offers retail customers a wide range of credit, deposit and insurance products and electronic banking services. Lending products include cash loans, mortgage loans, revolving facilities and credit cards. Business owners served by the Retail Banking segment have access to investment loans, revolving credit facilities, leasing and factoring services. The deposit and investment offer covers regular savings products, saving accounts, term deposits, investment funds managed by Pekao Towarzystwo Funduszy Inwestycyjnych S.A., a 100% subsidiary of the Bank (**Pekao TFI**), and bonds issued by the Polish state. The Retail Banking segment also covers insurance products, both linked and not linked to banking products offered by the Group. Insurance products linked with banking products include insurance offered together with consumer loans, mortgage loans, bank accounts, credit cards and life insurance linked with loans. Insurance products not linked to banking products are real estate insurance, life insurance, travel insurance, motor insurance, an oncological insurance policy and insurance of leased assets. The Group intends to further develop the Retail Segment by focusing on digitalization through the proliferation of usage of the Bank's PeoPay mobile application. Please see “-IT and operations” for more information.

As at 30 September 2023, the Group had 6.54 million customers in the Retail Banking segment, including 6.2 million individuals (including private banking customers) and over 0.3 million micro companies and enterprises. The number of customers in the Retail Banking segment increased by 170 thousand compared to 31 December 2022.

As at 30 September 2023, the aggregate value of financing granted to clients in the Retail Banking segment was PLN 76.8 billion, a 0.1 per cent decrease compared to 31 December 2022. The value of deposits was PLN 130.3 billion, an over 8.7 per cent increase compared to 31 December 2022. The Group also maintained 7.85 million active current deposit accounts in PLN currency as at 30 September 2023. In the nine months ended 30 September 2023, the Bank distributed state treasury bonds to its clients with an aggregate principal value of PLN 5.6 billion.

The value of new mortgage loans granted to Retail Banking segment customers in the nine months ended 30 September 2023 was PLN 5.5 billion, corresponding to an approximately 16.7 per cent share in the Polish mortgage loan market

Private Banking

The Bank's Private Banking provides private banking services to high net worth individuals from up to 47 countries. This business leverages the Bank's knowledge and capabilities on Polish and neighbouring markets in terms of research and expertise. The Private Banking customer base predominantly comprises high net worth individuals with total financial assets >1 million PLN. As at 30 September 2023, the Group had 12 thousand customers in the Private Banking segment.

The private clients service model is based on the provision of support by a dedicated banker who provides customers with product solutions tailored to their individual needs and the current market situation. The Private Bankers group comprises experienced employees who hold certificates from the European Financial Planning Association and are aided by assistants

and teams of product experts with unique experience and knowledge of the local market, which enables a high level of service to be delivered and product offers to be developed for this highly demanding client segment.

The Private Banking offering includes:

- the real RM mobile service – the possibility of comprehensive customer service provided directly at meetings with clients outside the Bank's branches,
- a simplified procedure for the opening of an account,
- Private Banking Call Centre – support for clients with every day transactions,
- Telephone Currency Exchange Service.
- multiple saving accounts, allowing clients to allocate funds separately for various purposes and use an individual name that will facilitate the identification of the savings goal accumulated on the account and regular interest rate promotional offers accessible online and via the mobile application PeoPaya
- a full range of banking services with preferred rates and the possibility of negotiating individual terms,
- prestigious MasterCard World Elite and VISA Infinite cards,
- a full range of concierge services along with a wide range of special offers in the field of lifestyle, preferential treatment at airport crossings, business lounges, etc.,
- a wide range of investment services in addition to the structured products currently offered, with clients enjoying access to the open architecture of investment funds (outside the bank's capital group) and investment consulting.

Corporate and Investment Banking

Corporate Banking includes corporate segments, significant capital groups (so-called large corporations), public sector clients, financial institutions, commercial real estate and specialized financing. The Bank is a leader in these Polish segments. It has a competitive advantage resulting from experience, unique staff, specialized knowledge and processes, and the potential to co-finance large projects based on a very strong liquidity and capital position. The Bank provides both the comprehensive services of a universal bank and services in specialised areas such as leasing, factoring, investment advisory services, M&A advisory as well as highly-advanced treasury, capital market products and custody services.

The Bank cooperates with major companies and holds a leading position in servicing domestic financial institutions (including insurance companies, investment funds, brokerage houses, financial sector infrastructure entities, cooperative banks, as well as savings and credit unions). The Bank also extends financing and prepares comprehensive offers for the short and long-term financing of international transactions and provides risk hedging instruments for international transactions.

As at 30 September 2023, the Group had 6.6 thousand customers in the Corporate and Investment Banking Segment, including 3.7 thousand customers from the public sector. Public sector customers include municipalities, state universities and other public sector entities.

As at 30 September 2023, the aggregate value of financing granted to customers from the Corporate and Investment Segment was PLN 55.8 billion. The value of savings of customers in the Corporate and Investment Segment as at 30 September 2023 was PLN 62.4 billion.

Enterprise Banking

The Enterprise Banking division encompasses all banking activities related to companies with an annual turnover ranging from PLN 5 million to PLN 500 million and below PLN 5 million if the company keeps comprehensive accounting records.

Bank's subsidiaries

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

Name of entity	Location	Core Activity	Percentage of Group ownership rights in share capital/voting
Pekao Bank Hipoteczny S.A.....	Warsaw	Banking	100.00
Pekao Leasing sp. z o.o.	Warsaw	Leasing services	100.00

Name of entity	Location	Core Activity	Percentage of Group ownership rights in share capital/voting
PeUF sp. z o.o.*	Warsaw	Financial support	100.00
Pekao Investment Banking S.A.	Warsaw	Brokerage	100.00
Pekao Faktoring sp. z o.o.....	Lublin	Factoring services	100.00
Centrum Kart S.A.	Warsaw	Financial support	100.00
Pekao Financial Services sp. z o.o.....	Warsaw	Transferable agent	66.50
Pekao Direct sp. z o.o.	Cracow	Call-center services	100.00
Pekao Property S.A. (in liquidation).....	Warsaw	Real estate development	100.00
FFB - Media sp. z o.o.** (in bankruptcy)..	Warsaw	Real estate development	100.00
Pekao Fundusz Kapitałowy sp. z o.o. (in liquidation)	Warsaw	Business consulting	100.00
Pekao Investment Management S.A.	Warsaw	Holding	100.00
Pekao TFI S.A.***	Warsaw	Asset management	100.00

* PeUF sp. z o.o. is an indirect subsidiary of the Bank as its immediate parent company is Pekao Leasing sp. z o.o. - a direct subsidiary of the Bank.

** FFB - Media sp. z o.o. is an indirect subsidiary of the Bank as its immediate parent company is Pekao Property S.A. - a direct subsidiary of the Bank.

*** Pekao TFI S.A. is an indirect subsidiary of the Bank as its immediate parent company is Pekao Investment Management S.A. - a direct subsidiary of the Bank.

Investments in associates

Name of entity	Location	Core Activity	Percentage of the Group's ownership rights in share capital/voting
Krajowy Integrator Płatności S.A.	Poznan	Monetary brokerage	38.33

As at 30 September 2023, all subsidiaries of the Bank have been consolidated.

As at 30 September 2023, the Group held no shares in entities under joint control.

Pekao Bank Hipoteczny S.A.

Pekao Bank Hipoteczny is a specialized mortgage bank which grants mortgage loans for housing purposes, purchases receivables from the Bank that derive from mortgage loans granted for housing purposes and issues covered bonds.

In the nine months ended 30 September 2023, Pekao Bank Hipoteczny reported a net loss of PLN 17.4 million compared to a loss of PLN 88.1 million in the first nine months of 2022. The result for the current period was influenced by an increase in the provision for legal risk related to the portfolio of mortgage loans denominated in CHF. In the nine months ended 30 September 2023, Pekao Bank Hipoteczny increased the provision for legal risk related to its portfolio of loans denominated in CHF to PLN 226.1 million compared to PLN 188.7 million in 2022 and PLN 94.9 million created in 2021.

In 2022, Pekao Bank Hipoteczny reported a net loss of PLN 164.0 million compared to a loss of PLN 90.3 million in 2021. The loss results mainly from the recognition of costs related to the modification of PLN mortgage loan agreements granted to consumers due to the suspension of their loan repayments and costs of additional contributions to the Borrowers Support Fund. In 2022, the Bank increased the provision for legal risks related to its portfolio of loans denominated in CHF by the amount of 93.8 million against the provision of PLN 94.9 million created in 2021.

On 14 February 2023, Pekao Bank Hipoteczny received a decision from the KNF ordering the formulation of a recovery plan pursuant to Article 141m(2) of the Banking Law. In justifying its decision, the KNF indicated that the order to formulate an individual recovery plan is aimed at reducing the risks associated with Pekao Bank Hipoteczny's operations, regaining profitability and improving the security of its operations. KNF's decision only concerns the drawing up of a recovery plan for the future and not its implementation or the taking of any concrete corrective action.

Pekao Leasing sp. z o.o.

Pekao Leasing sp. z o.o. ("**Pekao Leasing**") provides financial services supporting the sale and purchase of fixed assets, i.e. means of transport, machinery and equipment, as well as office real estate - both through operational and financial leasing.

For the nine months ended 30 September 2023, Pekao Leasing generated a net profit of PLN 74.0 million, compared to a profit of PLN 82.4 million in the first nine months of 2022. The result posted by Pekao Leasing for 2023 was weighed down by the higher cost of financing and an increase in operating costs, with a higher cost of risk due to the revaluation of provisions for customers dependent on the increase in energy prices.

In 2022 Pekao Leasing generated a net profit of PLN 100.5 million, compared to a profit of PLN 74.8 million in 2021. The result was achieved thanks to an increase in revenues by 19.6% yoy, while maintaining strict control of operating costs and risk costs.

Pekao Investment Banking S.A.

Pekao Investment Banking S.A. ("**Pekao IB**") specializes in high-quality advisory and brokerage services for large and medium-sized enterprises and financial institutions. The scope of services provided by Pekao IB includes, in particular, accepting and transferring orders to buy or sell financial instruments, offering financial instruments, as well as consulting support for enterprises relating to capital structure, corporate strategy and other services in the field of corporate mergers, divisions and acquisitions.

In 2022, Pekao IB carried out a number of transactions on the private and public capital market as well as debt counselling services, three of which were successfully completed in 2022. In the nine months ended 30 September 2023, the company achieved a net profit of PLN 12.3 million, compared to PLN 7.2 million in the first nine months of 2022. The result was affected by a higher number and value of finalized transactions in the area of advisory services on the private and public capital market compared to the previous year.

In 2022, Pekao IB achieved a net profit of PLN 9.7 million, compared to a profit of PLN 13.4 million in 2021. The profit was influenced by a smaller number of finalized transactions in the area of advisory services on the private and public capital market and debt advisory services compared to the same period last year.

Pekao Faktoring sp. z o.o.

Pekao Faktoring sp. z o.o. ("**Pekao Faktoring**") is a leader on the Polish factoring market with a 20.3 per cent market share in 2022 and offers a full range of factoring services (including recourse and non-recourse factoring), as well as attendant services, which include, among others, collecting information about the financial situation of debtors, collection, debt collection, accounting of settlements and ongoing monitoring of payments. The company's offer is complemented by the settlement of mass transactions, financial advice and consulting with respect to the selection of methods of financing, as well as granting credits and loans related to factoring agreements. The company cooperates with the Bank in the activation and development of new sales channels.

In the nine months ended 30 September 2023, Pekao Faktoring generated a net profit of PLN 33.2 million compared to a profit of PLN 28.6 million in the first nine months of 2022. The higher result posted by Pekao Faktoring is the result of further business development (an increase in the level of income by 8.2% yoy) and a lower level of credit risk. Pekao Faktoring ranks first in turnover on the Polish factoring market.

In 2022, Pekao Faktoring generated a net profit of PLN 44.7 million compared to a profit of PLN 39.9 million in 2021. Despite the dynamic increase in factoring turnover (25.2% yoy), the lower result was influenced by the implementation by the Company of the new methodology for write-offs under the NDD (New Default Default), in accordance with the EBA guidelines specified in the regulation of the European Parliament and of the Council (EU). Pekao Faktoring ranks first in turnover on the Polish factoring market.

Centrum Kart S.A.

Centrum Kart S.A. ("**Centrum Kart**") provides comprehensive services related to, among other things, support for payment card management systems, transaction authorization and card personalization. The company's activity is mainly related to the provision of services for the needs of the Bank. The company, in cooperation with the Bank, implements projects aimed at extending the Bank's product offer.

In the first nine months of 2023, Centrum Kart generated a net profit of PLN 3.8 million compared to PLN 6.3 million generated in the first nine months of 2022.

In 2022 Centrum Kart achieved a net profit of PLN 8.5 million compared to PLN 8.8 million in 2021.

Pekao Financial Services sp. z o.o.

Pekao Financial Services sp. z o.o. (“**PFS**”) provides outsourcing services for financial institutions in the field of operational and technological solutions, in servicing fund participants, as well as in the independent distribution of fund units. The company offers its clients services of the highest quality and safety. PFS specializes in maintaining accounts of participants in investment funds, pension funds and Employee Capital Plans (in Polish: *Pracownicze Plany Kapitałowe*, “**PPK**”).

For the nine months ended 30 September 2023, PFS posted a net profit of PLN 5.4 million (including the Bank’s share of PLN 3.6 million), compared to a profit of PLN 6.0 million for the first nine months of 2022. The net result was lower due to rising operating costs, including those related to the servicing of a new client, despite the increase in revenues.

In 2022, PFS generated a net profit of PLN 5.7 million (including the Bank’s share of PLN 3.8 million) compared to a profit of PLN 5.0 million in 2021. The net result was higher mainly due to the effects of strict cost control, with an increase in revenues achieved from servicing the PPK programme among other things.

Pekao Direct sp. z o.o.

Pekao Direct sp. z o.o. (“**Pekao Direct**”) provides financial intermediary services as well as comprehensive services through alternative communication channels for clients of the non-banking sector.

The company supports the Bank as the main customer in the field of service, internet banking, cards and product info lines. Pekao Direct serves clients using alternative communication channels, such as telephone, e-mail and online chat messaging. Telecommunication services provide the main communication channel. For the nine months ended 30 September 2023, Pekao Direct handled 9.3 million calls. In 2022, Pekao Direct handled 12.8 million calls, which is 2.9 per cent more than in 2021. The company, in cooperation with the Bank, conducts projects aimed at developing forms of communication with customers, including the use of mobile banking and supporting sales of banking products in digital channels.

For the nine months ended 30 September 2023, Pekao Direct reported a net profit of PLN 2.8 million, compared to PLN 1.2 million profit generated for the first nine months of 2022.

In 2022, Pekao Direct reported a net profit of PLN 2.5 million, an increase from PLN 2.3 million in 2021. The results were influenced by higher income obtained thanks to the growth of the customer base and increased sales activity for the Bank.

Pekao Investment Management S.A. and Pekao TFI

Pekao Investment Management (“**Pekao IM**”), in which the Bank holds a 100 per cent share, is the owner of Pekao TFI. Pekao TFI is the oldest investment fund in Poland providing customers with modern financial products and opportunities to invest on the Polish and the largest global capital markets. For many years, it has created savings programs, including programs offering additional savings options for retirement by way of the so-called third pillar, a voluntary pension scheme. The Pekao TFI offer also includes a portfolio management service and PPK.

As at 30 September 2023, the value of net assets of Pekao TFI investment funds (including PPK) amounted to PLN 22.6 billion and was higher by PLN 5.2 billion, i.e. 29.6% compared to the end of September 2022. The higher value of assets stemmed from the favourable situation on the capital markets.

As at 31 December, 2022, the value of net assets of the Pekao TFI investment funds (including PPK) amounted to PLN 19.2 billion and was down PLN 1.1 billion, i.e. 5.5%, on the end of December 2021. The lower value of assets was negatively affected by the situation on the capital markets, including that resulting from the war in Ukraine. Fund redemption proceeds were largely accumulated in bank accounts.

The consolidated net profit of Pekao IM for the nine months ended 30 September 2023 amounted to PLN 70.3 million, compared to PLN 46.6 million for the first nine months of 2022. The result was influenced by the improving situation on the capital market, which translated into an increase in the value of Pekao TFI assets.

In 2022, Pekao IB achieved a net profit of PLN 9.7 million, compared to a profit of PLN 13.4 million in 2021. The profit was shaped by a smaller number of finalized transactions in the area of advisory services on the private and public capital market and debt advisory services compared to the same period last year.

Krajowy Integrator Płatności S.A.

Since 31 March 2021, the Bank owns shares representing 38.33 per cent of the shares of Krajowy Integrator Płatności S.A. (“**KIP**”), the owner of the Tpay fast internet payment system (previously Transferuj.pl).

KIP has the status of a national payment institution and is supervised by the KNF. KIP acts as an intermediary for transfer of payments between payers and the payees.

In 2023 and 2022, KIP continued the process of increasing the scale of its operations in the area of online payments and service websites as well as of seeking out new areas to expand possibilities for the services it provides.

In the nine months ended 30 September 2023, KIP generated a net profit of PLN 10.3 million (of which PLN 4.0 million was included in the Group result), compared to a profit of PLN 7.3 million for the first nine months of 2022. The results are the effect of the continuous development of KIP activities in the area of online payment services, service websites, a wider range of services provided by KIP, including those provided in cooperation with the Bank.

In 2022, KIP generated a net profit of PLN 12.3 million (including the Bank's share of PLN 5.0 million), compared to a profit of PLN 8.3 million achieved in 2021. The increase in the result was due to an increase in the scale of KIP operations in the area of online payments, service websites and extending the possibilities for the services provided by KIP, including in those provided in cooperation with the Bank.

Distribution Network

The Group distributes its products through a comprehensive distribution network comprising online and mobile banking services, a call centre, traditional branches (including own branches and partner branches) and ATMs.

The Group places great emphasis on internet banking services, accessible both through a web browser (the Pekao24 website) and through dedicated mobile apps, including in particular the PeoPay mobile application, and promotes it as the primary channel for interacting with the Group. As part of Open Banking, the Bank has also expanded the service (the so-called AIS) of access to information on payment accounts maintained by other banks, such as balance and transaction history. Electronic banking enables the Group's customers to access a wide range of the Group's products. As at 30 September 2023, the Group had 3.6 million of active internet banking users and 3.1 million of active mobile banking users.

The call centre employs several hundred consultants and open for 24 hours a day. The consultants respond to telephone calls, 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 30 September 2023, the Bank's retail network comprised of 580 units compared to 597 units as at 31 December 2022 and 650 units as at 31 December 2021. Branch retail network comprised of 505 own branches and 75 franchise branches. The corporate and enterprise network comprised of 33 regional corporate centres and 53 regional enterprise centres. As at 30 September 2023, the Bank also had 1,301 own ATMs across Poland.

The table below shows information on the number of outlets, including the breakdown by own outlets and partner branches, and total number of own ATMs as of 30 September 2023, 31 December 2022 and 31 December 2021.

	30 September 2023	31 December 2022	31 December 2021
Total number of outlets	580	597	650
Own outlets.....	505	515	563
Partner branches	75	82	87
Total number of own ATMs.....	1,301	1,328	1,475

Capital management

The capital management process applied by the Group has been adopted for the following purposes:

- to ensure safe and secure functioning of the Group by maintaining a balance between the capacity to undertake risk which is limited by own funds, and the risk levels generated;
- to maintain capital for covering risk above the minimum stated levels in order to assure further business operations, taking into consideration possible, future changes in capital requirements and to safeguard the interests of shareholders,
- to maintain an optimal capital structure in order to maintain the desired quality of risk coverage capital; and
- to create value to shareholders by the best possible utilization of the Group own funds.

The Group has put in place a formalized process of capital management and monitoring, established within the scope of the internal capital adequacy assessment process. The Finance Division under the Chief Financial Officer is responsible for functioning of the capital management process in the Bank. The ultimate responsibility for capital management is allocated to the Management Board of the Bank, supported by the Assets, Liabilities and Risk Committee, which approves the capital management process. The Supervisory Board supervises the capital management system, in particular approves the capital management strategy. The Capital Management Strategy defines the objectives and general rules of the management and monitoring of the Group's capital adequacy, such as the guidelines concerning risk coverage sources,

preferred structure of capital for risk coverage, long-term capital targets, capital limits system and sources of additional capital under contingency situations.

The Group has also implemented the Capital Contingency Policy which establishes rules and obligations in the event of a crisis or developments that would significantly reduce the capitalization level of the Bank or Group. The policy defines the principles of supervision including split of responsibilities for the purpose of early and consistent management in case of the emergence of a crisis situation.

The capital adequacy of the Group is controlled by the Assets, Liabilities and Risk Committee and Management Board of Bank. Periodic reports on the scale and direction of changes of the capital ratios together with an indication of potential threats are prepared for the Supervisory Board, Management Board and for the Assets, Liabilities and Risk Committee. The level of basic types of risks is monitored according to the external limits of the banking supervision and the internal limits of the Group. Analyses and evaluations of directions of business activities development are performed assessing compliance with capital requirements. Forecasting and monitoring of risk weighted assets, own funds and capital ratios constitutes an integral part of the planning and budgeting process, including stress tests.

The Group has also a capital allocation process in place, with the aim of guaranteeing shareholders a safe and effective return on invested capital. On the one hand, the process requires capital allocations to products, clients and business lines, which guarantee profits adequate to the risks taken, while on the other hand taking into consideration the cost of capital associated with the business decisions taken. Risk-related efficiency ratios are used in the analyses of income generated compared against the risk taken as well as for the optimization of capital usage for different types of operations.

Debt securities issued

The table below shows the Group's debt securities issued by the Bank and its subsidiaries.

	<u>30 September 2023</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
	<i>(in PLN thousand)</i>		
Liabilities from bonds.....	8,603,283	3,487,601	4,086,984
Certificates of deposit	314,065	5,893,923	178,573
Mortgage bonds	994,753	955,961	1,089,798
Total.....	9,912,101	10,337,485	5,355,355

The Group redeems its own debt securities on a timely basis.

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

The Group created provisions for litigations against Group entities, the value of which amounted to PLN 727,1 million as at 30 September 2023 compared to PLN 586.9 million as at 31 December 2022 and PLN 211.9 million as at 31 December 2021.

Disputes relating to CHF Mortgage Loans

As at 30 September 2023, there were 4,919 lawsuits pending against the Group over loans indexed to, or denominated in, a foreign currency, with the disputed amount totalling PLN 1,632.7million. As at 30 September 2023, the level of the provision for the aforementioned legal risk related to CHF-denominated mortgage contracts estimated by the Group amounted to PLN 2,397.4 million and increased by PLN 199 million relative to the level of such provisions as at 31 December 2022.

Other disputes

As of the date of this Base Prospectus there are no material proceedings pending before any court, competent authority for arbitration proceedings or public administration body public administration, concerning liabilities and/or claims of the Group. As of the date of this Base Prospectus the Bank is not aware of any such threatened proceedings. In the nine months ended 30 September 2023 and in 2022 and 2021 there were no other proceedings that could have or did have a material adverse impact on the Group's financial position or profitability.

Intellectual property

The Group uses a number of trademarks in its activities. As of the date of the Base Prospectus, the Group has been granted rights of protection to 164 trademarks, including 157 trademarks of the Bank. The Group has registered 20 trademarks at the European Union Intellectual Property Office. The Group is also rapidly developing its electronic and mobile banking sector.

Development of electronic and mobile banking

In the 2021-2024 strategy, presented by the Bank, electronic and mobile banking were described as one of the pillars of the Bank's development.

In 2022, the Group introduced many new solutions and possibilities in electronic banking including:

- opening an account using the mObywatel application for individuals and entrepreneurs in the selfie process;
- remote service of credit cards - customers can change and assign a PIN to the card, temporarily restrict its use or block the card completely, and order a new one, change the additional card limit for the their credit card, check the debit card details online;
- submitting new applications for social and assistance benefits, including applications for Ukrainian citizens;
- making payments for parking lots in paid parking zones, purchase of a public transport ticket;
- as part of open banking, the Group has expanded the service (the so-called AIS) of access to information on payment accounts maintained by other banks, such as: balance and transaction history. Access to accounts from other banks makes it easier to apply for a loan, overdraft or credit card, allows you to track account balances and order transfers from accounts in other banks. The electronic journal records the most important activities performed within the Pekao24 and PeoPay systems related to open banking services;
- possibility of partial repayment of a housing loan and suspension of principal and interest instalments of a housing loan, including the so-called "credit holidays";
- new notifications regarding standing orders, BLIK, statuses of orders and official applications as well as notifications about receipts; and making it possible to purchase State Treasury Bonds.
- submitting new Exchange Currency functionality;
- implementing improvements for business customers (sale of auxiliary accounts and debit cards, after-sales orders, new types of Sorbnet payments, split payment);
- development of the PeoPay mobile application (personalization of the background, themes, avatars);
- creating educational game for children in PeoPay KIDS mobile application;
- improving security area with confirming the identity of the Bank employee and customer using PeoPay and Peak24 – as a spoofing counteracting;

In 2023:

- sale of treasury bonds and motor insurance;
- making Payment subscriptions - a feature that indicates to the user upcoming payments for certain services, for example Netflix, Spotify, etc.;
- implementation of over 100 after-sales orders for detail and business customers (2022 and 2023);
- implementation of the PeoPay mobile application version dedicated to teenagers.

In the 2022 and 2023 some of the implemented products and solutions have been rewarded by independent institutions, including:

2022

- “The best remote account opening process” in the 7th edition of the Institution of the Year organized by the mojebankowanie.pl portal;
- “The best electronic banking” in the 7th edition of the Institution of the Year organized by the mojebankowanie.pl portal;
- honorable mention for an innovative and customer-friendly service of opening an account using a selfie and e-ID from “Rzeczpospolita”;
- Złoty Laur Klienta 2022 for the highest quality of electronic banking services;

2023

- 1st place in the Institution of the Year plebiscite in the Best Mobile Application category;
- 1st place in the Institution of the Year plebiscite in the Best Online Banking category;
- 1st place in the Institution of the Year plebiscite in the Best Remote Account Opening Process category;
- The PeoPay application took 2nd place in the ranking of banking applications in Poland, and Pekao was in the TOP10% of surveyed banks (digital champion) in the Deloitte Digital Banking Maturity 2022 survey.

Employees

As at 30 September 2023, the Group had 15.1 thousand employees, in comparison with 14.6 thousand employees as at 31 December 2022 and 14.7 thousand employees as at 31 December 2021. In addition to salaries, the Group’s employees are entitled to a range of benefits, including life, health and medical insurance, and bonuses relating to the achievement of individual objectives.

TRANSACTIONS WITH RELATED PARTIES

The Bank entered into a number of related party transactions, including loans, deposits, foreign currency transactions and guarantees.

In the first nine months of 2023, as well as in 2022 and 2021, the Bank and its subsidiaries did not enter into any significant transactions with related entities other than those executed the arm's length basis.

Related party transactions

The tables below show related party transactions entered into by the Group as at 30 September 2023, 30 September 2022, 31 December 2022 and 31 December 2021:

Related party transactions as at 30 September 2023

Name of entity	Receivables from loans and placements	Securities	Receivables from revaluation of derivatives	Other receivables	Liabilities from loans and deposits	Liabilities from revaluation of derivatives	Other liabilities
PZU S.A. – the Bank's parent entity..	26	-	1,957	3,202	237,064	-	317,293
Entities of PZU S.A. Group excluding the Bank Group entities..	7,972	-	187	9,408	330,553	858	587
Subsidiaries of the Bank Group entities							
Krajowy Integrator Płatności S.A.....	-	-	-	20	48,381	-	-
Key management personnel of the Bank	2,165	-	-	-	8,385	-	-
Total	10,163	-	2,144	12,630	624,383	858	371,880

Related party transactions as at 30 September 2022

Name of entity	Receivables from loans and placements	Securities	Receivables from revaluation of derivatives	Other receivables	Liabilities from loans and deposits	Liabilities from revaluation of derivatives	Other liabilities
PZU S.A. – the Bank's parent entity..	13	-	6,831	3,093	270,084	-	225,959
Entities of PZU S.A. Group excluding the Bank Group entities..	3,778	-	9,054	8,169	301,369	66	817
Subsidiaries of the Bank Group entities							
Krajowy Integrator Płatności S.A.....	-	-	-	8	37,706	-	-
Key management personnel of the Bank	1,082	-	-	-	6,181	-	-
Total	4,873	-	15,885	11,270	615,340	66	226,776

Related party transactions as at 31 December 2022

Name of entity	Receivables from loans and placements	Securities	Receivables from revaluation of derivatives	Other receivables	Liabilities from loans and deposits	Liabilities from revaluation of derivatives	Other liabilities
PZU S.A. – the Bank's parent entity.....	8	-	3,991	4,389	185,051	-	5,247
Entities of PZU S.A. Group excluding the Bank Group entities..	4,884	-	2,532	5,464	235,161	2,185	1,620
Subsidiaries of the Bank Group entities							
Krajowy Integrator Płatności S.A.....	-	-	-	11	36,624	-	34

Name of entity	Receivables from loans and placements	Securities	Receivables from revaluation of derivatives	Other receivables	Liabilities from loans and deposits	Liabilities from revaluation of derivatives	Other liabilities
Key management personnel of the Bank	1,065	-	-	-	8,566	-	-
Total	5,957	-	6,523	9,864	465,402	2,185	6,901

Related party transactions as at 31 December 2021

Name of entity	Receivables from loans and placements	Securities	Receivables from revaluation of derivatives	Other receivables	Liabilities from loans and deposits	Liabilities from revaluation of derivatives	Other liabilities
PZU S.A. – the Bank's parent entity..	11,838	-	4,061	4,770	151,803	-	1,976
Entities of PZU S.A. Group excluding the Bank Group entities..	618	-	209	9,455	181,649	802	996
Subsidiaries of the Bank Group entities							
Krajowy Integrator Płatności S.A.	-	-	-	7	50,743	-	-
Key management personnel of the Bank	654	-	-	-	2,508	-	-
Total	13,110	-	4,270	14,232	386,703	802	2,972

Income and expenses from transactions with related parties

The tables below show income and expenses from transactions with related parties for the nine months period ended 30 September 2023, 30 September 2022 and the years ended 31 December 2022 and 31 December 2021:

Income and expenses from transactions with related parties for the period from 1 January 2023 to 30 September 2023

Name Of Entity	Interest Income	Interest Expense	Fee And Commission Income	Fee And Commission Expense	Positive Valuation Of Derivatives And Other Income	Negative Valuation Of Derivatives And Other Expenses
PZU S.A. – the Bank's parent entity	(1,414)	(16,843)	39,962	(416)	1,342	(7,700)
Entities of PZU S.A. Group excluding the Bank Group entities.....	375	(14,541)	45,196	(245)	857	(43,566)
Subsidiaries of the Bank Group entities						
Krajowy Integrator Płatności S.A.	-	(443)	274	(65)	-	-
Key management personnel of the Bank.....	104	(334)	-	-	-	-
Total	(935)	(32,161)	85,432	(726)	2,199	(51,266)

Income and expenses from transactions with related parties for the period from 1 January 2022 to 30 September 2022

Name Of Entity	Interest Income	Interest Expense	Fee And Commission Income	Fee And Commission Expense	Positive Valuation Of Derivatives And Other Income	Negative Valuation Of Derivatives And Other Expenses
PZU S.A. – the Bank's parent entity	(1,357)	(6,068)	33,383	(175)	477	(1,699)
Entities of PZU S.A. Group excluding the Bank Group entities.....	227	(4,499)	37,618	(216)	768	(37,478)
Subsidiaries of the Bank Group entities						
Krajowy Integrator	-	-	184	-	-	-

Name Of Entity	Interest Income	Interest Expense	Fee And Commission Income	Fee And Commission Expense	Positive Valuation Of Derivatives And Other Income	Negative Valuation Of Derivatives And Other Expenses
Płatności S.A.						
Key management personnel of the Bank.	31	(51)	-	-	-	-
Total	(1,099)	(10,618)	71,185	(391)	1,245	(39,177)

Income and expenses from transactions with related parties for the period from 1 January 2022 to 31 December 2022

Name of entity	Interest income	Interest expense	Fee and commission income	Fee and commission expense	Positive valuation of derivatives and other income	Negative valuation of derivatives and other expenses
PZU S.A. – the Bank's parent entity	(1,820)	(9,485)	45,878	(371)	216	(3,953)
Entities of PZU S.A. Group excluding the Bank Group entities.....	300	(12,499)	53,244	(341)	1,065	(51,134)
Subsidiaries of the Bank Group entities						
Krajowy Integrator Płatności S.A.	-	(46)	337	-	-	-
Key management personnel of the Bank.	46	(128)	-	-	-	-
Total	(1,474)	(22,158)	99,459	(712)	1,281	(55,087)

Income and expenses from transactions with related parties for the period from 1 January 2021 to 31 December 2021

Name Of Entity	Interest Income	Interest Expense	Fee And Commission Income	Fee And Commission Expense	Positive Valuation Of Derivatives And Other Income	Negative Valuation Of Derivatives And Other Expenses
PZU S.A. – the Bank's parent entity	(1,796)	(96)	51,258	(668)	2,858	(659)
Entities of PZU S.A. Group excluding the Bank Group entities.....	39	(99)	53,096	(260)	2,455	(23,441)
Subsidiaries of the Bank Group entities						
Krajowy Integrator Płatności S.A.	-	-	175	-	-	-
Key management personnel of the Bank.	39	(1)	-	-	-	-
Total	(1,718)	(196)	104,529	(928)	5,313	(24,100)

Off-balance sheet financial liabilities and guarantees

The tables below show off-balance sheet financial liabilities and guarantees as at 30 September 2023, 31 December 2022 and 31 December 2021:

Off-balance sheet financial liabilities and guarantees as at 30 September 2023

Name of entity	Granted		Received	
	Financial	Guarantees	Financial	Guarantee
PZU S.A. – the Bank's parent entity	7,980	15,000	-	-
Entities of PZU S.A. Group excluding the Bank Group entities.....	18,103	10,088	-	-

	Granted		Received	
	Financial	Guarantees	Financial	Guarantee
Subsidiaries of the Bank Group entities				
Krajowy Integrator Płatności S.A.	-	1,500	-	-
Key management personnel of the Bank	371	-	-	-
Total.....	26,454	26,588	-	-

Off-balance sheet financial liabilities and guarantees as at 31 December 2022

	Granted		Received	
	Financial	Guarantees	Financial	Guarantee
Name of entity				
PZU S.A. – the Bank’s parent entity	3,028	15,000	-	-
Entities of PZU S.A. Group excluding the Bank Group entities.....	9,566	10,046	-	-
Subsidiaries of the Bank Group entities				
Krajowy Integrator Płatności S.A.	-	1,500	-	-
Key management personnel of the Bank	1,382	-	-	-
Total.....	13,976	26,546	-	-

Off-balance sheet financial liabilities and guarantees as at 31 December 2021

	Granted		Received	
	Financial	Guarantees	Financial	Guarantee
Name of entity				
PZU S.A. – the Bank’s parent entity	2,735	107,148	-	528,931
Entities of PZU S.A. Group excluding the Bank Group entities	7,056	102,241	-	-
Key management personnel of the Bank	156	-	-	-
Total.....	9,947	209,389	-	528,931

Remuneration expenses of the Bank’s Management Board and Supervisory Board Members

	30 September 2023	30 September 2022	31 December 2022	31 December 2021
Value of benefits				
Management Board of the Bank				
Short-term employee benefits (*).....	11,724	10,157	13,628	12,430
Post-employment benefits	-	-	-	645
Long-term benefits (**).....	445	729	974	980
Share-based payments (***)	4,893	3,088	3,914	4,936
Total.....	17,062	13,974	18,516	18,991
Supervisory Board of the Bank				
Short-term employee benefits (*).....	1,333	1,119	1,492	1,274
Total.....	1,333	746	1,492	1,274

(*) Short-term employee benefits include: base salary, bonuses and other benefits due in next 12 months from the date of the balance sheet.

(**) The item ‘Other long-term benefit’ includes: provisions for deferred bonus payments.

(***) The value of share-based payments is a part of Personnel Expenses, recognized according to IFRS 2 during the reporting period in the income statement, representing the settlement of fair value of shares, including phantom shares, granted to the Members of the Bank’s Management Board.

Remuneration expenses of Supervisory Boards and Management Boards of subsidiaries

	30 September 2023	30 September 2022	31 December 2022	31 December 2021
Value of benefits				
Subsidiaries' Management Boards				
Short-term employee benefits	14,148	12,453	16,339	12,672
Post-employment benefits	487	1,159	1,818	1,587
Long-term benefits	387	487	648	660
Paid termination benefits	124	242	156	241
Total	15,146	14,341	18,961	15,160
Subsidiaries' Supervisory Boards				
Short-term employee benefits	1,080	692	1,049	813
Total	1,080	692	1,049	813

RISK MANAGEMENT

Overview of Group risk management

Risk management is of vital importance for the financial performance of both the Group and the Bank. Consequently, the Group has developed a system of check and balances to ensure that any potential risks which may jeopardise the Group performance are addressed in advance. The company has an extensive control and risk management mechanism, with the most important bodies in this regard being the Supervisory Board, the Management Board and Management Board committees.

Risk management objectives

The risk management policy of the Bank seeks to optimize the structure of the statement of financial position and off-balance sheet items by taking into consideration the risk-income relationships assumed and the overall impact of various risks that the Bank is exposed to in conducting its business operations. Risks are monitored and controlled with reference to profitability and capital coverage and are subject to regular reporting in accordance with rules presented below.

Organizational structure of risk management

Supervisory Board

The Supervisory Board oversees the risk management system, assessing its adequacy and effectiveness. Moreover, the Supervisory Board monitors Group policy compliance with respect to risks related to Group strategy and to financial plans. In carrying out its tasks, the Supervisory Board is assisted by the Risk Committee.

Management Board

The Management Board is responsible for the development, implementation and functioning of risk management processes, which entails introducing appropriate internal regulations and taking into consideration the results of internal audit inspections.

The Management Board is responsible for the effectiveness of the risk management system, the internal control system, internal capital computation process and the effectiveness of the review process with regard to the computing and monitoring of internal capital. Moreover, the Management Board introduces essential adjustments or improvements into those processes and systems whenever necessary. The need for that may arise as a consequence of changes to risk levels for Group operations, business environment factors or irregularities in the functioning of processes or systems.

Periodically, the Management Board provides the Supervisory Board with information on the types, scale and significance of risks the Group is exposed to as well as on the methods used to manage such risks.

The Management Board is responsible for assessing whether activities such as identification, measurement, monitoring, reporting and control or mitigation are carried out appropriately as part of the risk management process. Moreover, the Management Board examines whether management at all levels is effectively managing risk within their sphere of competence.

Committees

In performing these risk management tasks, the Management Board is supported by the following committees:

- Assets, Liabilities and Risk Management Committee - in market risk management, liquidity and capital adequacy;
- Liquidity and Market Risk Committee, supporting the Assets, Liabilities and Risk Management Committee – in liquidity and market risk management;
- Operational Risk Committee – in operational risk management;
- Credit Committee – in making credit decisions that fall within its powers and in issuing recommendations on the largest transactions to the Management Board for the adoption of a decision by it;
- Safety Committee – in the field of security and business continuity management;
- Model Risk Committee – in model risk management; and
- Recovery Plan Committee – in supporting the process of creating, maintaining and updating the Recovery Plan prepared in accordance with applicable law.

Liquidity risk management

The objective of liquidity risk management is to:

- ensure and maintain the ability of the Group to fulfil its payment obligations with respect to current and future payables taking into account the cost of acquiring liquidity and the return on Group equity;
- prevent the occurrence of crisis situations; and
- provide solutions necessary to survive a crisis situation, if any occurs.

The Group has a centralized liquidity risk management system covering current liquidity management and first line control performed by the functions with relevant responsibility, second line control carried out by a dedicated unit responsible for risk management and third level control effected by means of an internal audit. Managing Group liquidity is carried out on an intraday, short-term and a long-term horizon basis. Intraday liquidity analysis concerns flows realized during the day, short-term liquidity analysis is understood as a liquidity measurement system which refers to a time horizon shorter than one year, long-term analysis covers periods in excess of one year.

Liquidity control is performed as a continuous process of determining and analysing the levels of various indicators and measures related to intraday, short-term and long-term liquidity. Monitoring frequency is matched to specific liquidity aspects – e.g. daily for short-term liquidity, monthly for long-term liquidity. Liquidity ratios and measures are subject to a formal limiting process. Limit utilization is regularly monitored and presented to the management of the Bank and of its subsidiaries. When risk limits are exceeded, an escalation process is set in motion in order to inform decision-makers and to ultimately restore liquidity risk exposures to acceptable levels.

Scenario-based stress analyses, conducted on a monthly basis, constitute an integral part of the Group liquidity monitoring process. These analyses entail assessing Group liquidity under crisis conditions triggered by financial market developments or by internal factors specific to the Group.

In managing liquidity, the Group pays special attention to foreign currency liquidity by monitoring, limiting and controlling liquidity individually for each currency as well as by monitoring demand for current and future currency liquidity. If a need arises, the Group uses currency swaps for hedging purposes. The potential impact on liquidity of posting collateral for derivative transactions is also analysed.

In order to define the principles of contingency liquidity management, the Bank prepared ‘Contingency Liquidity Principles’, which have been approved by the Management Board and define contingency procedures in the event of crisis situations. These principles involve the daily monitoring of the system and specific early-warning indicators for the Bank and the Group, as well as three levels of liquidity risk depending on the level of early-warning indicators as well as market position of the Bank and the Group. It also defines sources for covering anticipated outflows from the Group. This document describes the procedures for monitoring liquidity risk levels, emergency action procedures, the dedicated task forces responsible for restoring Group liquidity and management responsibilities with regard to adopting the decisions needed to restore the required level of liquidity.

Credit risk

Managing credit risk and maintaining it at a safe level is vital for the financial performance of the Bank. In order to minimize credit risk, special procedures have been established, involving, in particular, the rules for assessing obligor and transaction risk, the collateralization of loan and lease receivables, credit decision-making powers and concentration risk management.

Prudent credit risk management at the Bank is based on the Credit Risk Policy, which includes measures reducing potential threats from macroeconomic factors related to the armed conflict in Ukraine and associated disruptions in the supply of raw materials and their impact on the quality of the loan portfolio. The same approach is applied by the subsidiaries of the Bank.

Lending activities are subject to limits following from both external regulations and Bank internal standards, including limits concerning exposure concentration ratios for individual sectors of the economy, limits on the share of large exposures in the Bank loan portfolio, portfolio limits and limits of exposures to countries, foreign banks and domestic financial institutions.

Credit decision-making powers, lending restrictions as well as internal and external prudential standards pertain to loans and guarantees as well as derivative transactions and debt instruments. The quality of the loan portfolio is also protected by periodic reviews and the continuous monitoring of the timely servicing of loans and the financial standing of customers.

Internal limits, lending restrictions and the calculation of allowances take into account the risks arising from the current and anticipated macroeconomic environment.

The Bank has continued to work on further improving the credit process in order to obtain greater efficiency and security, especially by enhancing the procedures and tools for risk measurement and monitoring.

The percentage share of credits and loans in the Group financial statements makes the maintenance of risk at a safe level essential for Group performance. The process of credit risk management is centralized and managed mainly by Risk Management Division units operating at the Head Office of the Bank or at the local level.

The risk management process covers all credit functions: credit analysis, credit decision-making, monitoring and loan administration as well as restructuring and collection.

The credit functions are conducted in compliance with the Bank credit policy adopted by the Management Board and the Supervisory Board for a given reporting year. The effectiveness and efficiency of credit functions is ensured by using diverse credit methods and methodologies, supported by advanced IT tools that are integrated into the general Bank IT system. Bank procedures facilitate credit risk mitigation, especially with regard to transaction risk evaluation, establishing collateral, setting authorization limits for the granting of loans and limiting exposure to some areas of business activity in line with the current client segmentation model operated by the Bank.

Credit granting authorizations, restrictions on crediting particular business activities as well as internal and external prudential standards apply not only to credits, loans and guarantees but also to derivatives transactions and debt securities.

Bank lending activity is limited by the restrictions imposed by external regulations as well as by internal prudential standards in order to increase safety. These restrictions refer, in particular, to credit exposure concentration, credit quality ratios and exposure limits for particular foreign countries, foreign banks and domestic financial institutions.

The Bank has established the following portfolio limits in its credit policy:

- exposure limits for sectors of economy;
- limits on the concentration of the largest exposures to entities / groups of related entities;
- limits for main business lines and currency receivables;
- product limits (mortgage loans to private individuals, exposures to business entities secured by mortgage, including financing commercial real estate).

The internal limit system operated at the Bank also includes a number of detailed limits that back up the key limits set out in the credit policy.

Moreover, the Bank limits higher risk credit transactions, characterised by excess risk, by restricting decision-making powers in such cases to higher level decision-making bodies.

The management of Bank credit portfolio quality is further supported by regular reviews as well as the continuous monitoring of timely loan repayments and the financial condition of borrowers.

Credit risk concentration limits

According to the applicable regulations, the total exposure of the Bank to risks associated with a single borrower or a group of borrowers in which entities are related by capital or management may not exceed 25 per cent of Tier 1 capital. As at 30 September 2023, the maximum exposure limits set forth in the external regulations were not exceeded.

Sector concentration

In order to mitigate credit risk associated with excessive sector concentration, the Bank operates a system for shaping the sectoral structure of credit exposure. Every year, the Bank defines limits for particular sectors of the economy in its Credit Policy. These limits are subject to ongoing monitoring. The system applies to credit exposure for particular types of business activity according to classifications based on the Polish Classification of Economic Activities (in Polish: *Polska Klasyfikacja Działalności – PKD*).

Concentration limits are set based on Bank current credit exposure and the risk assessment of each sector. Periodic monitoring of Bank exposure allows for the ongoing identification of those sectors in which exposure concentration may be excessive. In such cases, an analysis is performed of the economic condition of the sector, including both current and forecast trends, and an assessment is undertaken of the quality of current exposure to that sector. These measures enable the Bank to formulate the activities aimed at reducing sector concentration risk and bringing Bank Credit Policy into line with a changing environment.

The Group risk management process

The Bank supervises the risk related to its subsidiaries. In particular, the size and profile of risk related to their activities are assessed. Risk management processes are consistent throughout the Group and adapted to the complexity of the risk profile of individual entities in accordance with the principle of proportionality.

Compliance risk

Compliance risk is the risk resulting from breaching laws, internal regulations and market standards in the processes functioning within the Bank. Compliance risk can lead to criminal or administrative sanctions, material financial losses, diminished reputation, reduced brand value, reduced development potential and the inability to perform contracts, as well as reduction or loss of business opportunities.

There is a separate unit dealing with compliance matters functioning within the Bank. Additionally, there is a Compliance Department, organisationally and operationally independent and subordinated directly to the president of the Management Board. The Compliance Department is the key element in ensuring compliance within the Bank.

The Bank ensures compliance through the application of suitable control mechanisms and a compliance risk management process coordinated by the Compliance Department. The Compliance Department is involved in the process of managing conflicts of interest and in the process of managing internal information within the meaning of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. In exercising the control function, the Compliance Department designs and supervises the implementation of control mechanisms with the aim of ensuring compliance with the law, internal regulations and market standards. The Compliance Department autonomously applies some of these control mechanisms and performs independent monitoring of their compliance by other organizational units of the Bank as well as reports the results of such monitoring. The compliance risk management process includes the following stages: identification, assessment, control, monitoring and reporting of the compliance risk level.

Within the control function, the Compliance Department ensures compliance through the following in particular:

- current vertical verification on a continuous basis as part of a risk-based approach regarding selected processes operating at the Bank (ex-ante activities);
- vertical testing, including monitoring of adherence to selected risk-based approach control mechanisms, performed in the case of completed activities within selected processes functioning at the Bank (ex-post activities);

within the scope defined in the regulations governing functioning of the Compliance Department.

As part of compliance with laws, internal regulations and market standards, each employee of the Bank is obliged to apply appropriate control mechanisms and independently monitor adherence to control mechanisms within the scope of duties assigned to the employee.

The assumptions underlying the compliance risk management process are defined in the Compliance Policy, which was formulated by the Management Board and approved by the Supervisory Board, as well as in the Compliance Department Regulation. The compliance risk management process is supported by the following key elements:

- supervision of the Supervisory Board and responsibility of the Management Board for the effective management of compliance risk and the observance of the Compliance Policy;
- responsibility of Bank employees for ensuring compliance within the scope of their duties;
- a properly defined organizational structure, including the appropriate positioning of the Compliance Department;
- internal regulations on compliance matters;
- training;
- regular cooperation of the Compliance Department with the Internal Audit Department and other internal control system units.

Reports on the performance of tasks by the Compliance Department together with on the level of compliance risk assessed are presented to the Management Board and Supervisory Board. Compliance risks related to the activities of subsidiaries are overseen by the Bank. The implementation and application of compliance risk management standards are key factors in creating enterprise value, in reinforcing and protecting the reputation of the Bank and in winning public trust in the activities and standing of the Bank.

Non-performing loans

The tables below show the quality of the Bank credit portfolio as at 30 September 2023 and 30 September 2022 as well as at 31 December 2022 and 31 December 2021. The Bank actively manages its non-performing loans portfolio by, for example, selling loan portfolios to external non-performing loan managers.

Loans and advances to customers (excluding adjustments relating to fair value hedge accounting)

The table below shows the customer structure of loans and advances as at 31 December 2022 and 31 December 2021.

	31 December 2022	31 December 2021	Change (%)
Loans and advances at nominal value.....	175,846.6	175,748.7	0.1
Loans and investment in financial leases.....	165,757.4	164,860.8	0.5
Retail.....	76,844.1	82,777.8	(7.2)
Corporate.....	88,913.2	82,083.0	8.3
Non-treasury debt securities.....	10,089.2	10,887.9	(7.3)
Other.....	1,821.9	1,257.3	44.9
Impairment allowances.....	(10,158.9)	(7,933.0)	28.1
Total net receivables.....	167,509.6	169,073.0	(0.9)
Reverse repo transactions.....	1,337.8	969.2	38
Total Customers' financing.....	177,184.4	176,717.9	0.3

The table below shows customer structure of loans and advances as at 30 September 2023 and 30 September 2022.

	30 September 2023	30 September 2022	Change (%)
Loans and advances at nominal value.....	177,296.5	183,322.4	(3.3)
Loans and investment in financial leases.....	166,922.1	173,494.6	(3.8)
Retail.....	76,794.1	77,726.5	(1.2)
Corporate.....	90,128.1	95,768.1	(5.9)
Non-treasury debt securities.....	10,374.4	9,827.8	5.6
Other.....	2,086.5	1,882.6	10.8
Impairment allowances.....	(10,484.6)	(9,308.8)	12.6
Total net receivables.....	168,898.4	175,896.2	(4.0)
Reverse repo transactions.....	4,022.5	973.6	>100
Total Customers' financing.....	181,319.0	184,296.0	(1.6)

MANAGEMENT AND SUPERVISORY CORPORATE AUTHORITIES

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 organization, 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 Articles of Association.

Management Board

According to the Articles of Association, the Management Board is the Bank's governing body.

The Management Board consists of five to nine members appointed by the Supervisory Board for a joint term of office of three years. The Management Board is headed by the President of the Management Board. At least half of the members of the Management Board of the Bank, including the President of the Management Board of the Bank, should possess testimonials of good knowledge of the banking market in Poland due to the joint fulfilment of the following criteria:

- possession of professional experience on the Polish market suitable for the performed managerial function in the Bank,
- permanent place of domicile in Poland,
- knowledge of the Polish language.

The KNF's consent is required when appointing the President of the Management Board or a member of the Management Board supervising the management of significant risk in Bank operations and entrusting this function to the appointed member of the Management Board.

The Management Board shall conduct the matters of the Bank and represent the Bank. All issues not reserved by virtue of the provisions of the law or of the Articles of Association so that they fall within the scope of competence of other corporate bodies of the Bank shall fall within the scope of competence of the Management Board.

As of the date of this Base Prospectus, none of the persons appointed to the Management Board conducts any business competitive to that of the Bank or is involved in a competitive business as a shareholder or partner in a civil law company or partnership or a member of a corporate body of a competitive corporation or legal person. Also, none of these persons is entered in the Register of Insolvent Debtors kept pursuant to the provisions of the National Court Register Act of 20 August 1997.

The members of the Management Board are set out below:

Name	Position
Leszek Skiba	President of the Management Board
Marcin Gadomski	Vice-president of the Management Board supervising the Risk Management Division also responsible for overseeing the risk management process of bancassurance
Piotr Zborowski	Vice-president of the Management Board supervising the Strategy Division
Jerzy Kwieciński	Vice-president of the Management Board supervising the Corporate Banking and MIB Division
Magdalena Zmitrowicz	Vice-president of the Management Board supervising the Banking Enterprise Division
Jarosław Fuchs	Vice-president of the Management Board supervising the Private Banking and Investment Products Division
Wojciech Werochowski	Vice-president of the Management Board supervising the Retail Banking Division
Błażej Szczeciński	Vice-president of the Management Board supervising Banking Operations and IT Division and coordinates activities aimed at appropriate management of the risks related to the security of the ICT environment
Paweł Strączyński	Vice-president of the Management Board supervising the Financial Division has been appointed as a member of the Management Board responsible for the day-to-day functioning of the whistleblowing procedure

Leszek Skiba

Leszek Skiba holds a master's degree from the Warsaw School of Economics, the Faculty of International Economic and Political Relations.

Between 2009 and 2015, Leszek Skiba worked at The Narodowy Bank Polski (the “**NBP**”), at the Economic Institute, where he worked on the NBP's report on the consequences of Poland's membership of the euro area and prepared analyses of the euro area economy. Since 2009, Leszek Skiba has been running public non-profit activities as the President of the Council and an expert at the Sobieski Institute.

In 2015, he was appointed Undersecretary of State in the Ministry of Finance, where he was responsible for the supervision of macroeconomic policy and tax legislation. He also supported legislative works connected with financial and capital markets, and prepared a general outline of the reform of the budget system. Between March 2019 and April 2020 he served as the President of the Council of the BGF.

Leszek Skiba meets the suitability requirements determined in Article 22aa of the Banking Law.

Marcin Gadomski

Marcin Gadomski graduated from the Warsaw School of Economics, majoring in Finance and Banking. He was also a scholarship holder studying at the University of Kiel (Germany) and completed doctoral studies at the Warsaw School of Economics. He passed a number of professional certification exams, including: Financial Risk Manager (FRM), Association of Chartered Certified Accountants (ACCA), and Project Management Professional (PMP). He participated in the Leadership Development Programme run by The John Maxwell Team and the Deloitte Leadership Program.

Marcin Gadomski began his professional career at the consulting company Ernst & Young (now EY) in 2002, where he conducted projects in the area of risk, finance and internal auditing in financial institutions and non-financial enterprises. During this period, for several years he supported the Group in implementing among other things the requirements of IAS 39, Basel II and solutions regarding capital management as well as assets and liabilities management.

Following this, he continued his career with Deloitte Advisory, first in 2008-2012 as a Senior Manager, and, after a break, in 2016-2018 as a Director. As part of Deloitte Advisory, Marcin Gadomski provided solutions for the largest financial institutions in Poland and abroad (banks, insurers, leasing companies, brokerage houses), among others in the field of credit policy, risk models, improving the credit process for retail and corporate clients, market and liquidity risk management, regulatory requirements (e.g. IFRS 9, the KNF recommendations, regulations regarding capital requirements, liquidity, information and reporting obligations), and due diligence reports for takeover purposes.

In the years 2012-2016, Marcin Gadomski was the Director of the Retail Credit Risk Unit at Bank Millennium S.A. He was responsible for credit risk strategy, risk appetite, credit policy, credit assessment models, credit decision engines, risk reporting, credit product profitability assessment and credit process support for such business lines as unsecured consumer loans, mortgage loans and small business.

From August 2018 to November 2019 Marcin Gadomski was a Member of the Management Board of Pekao Bank Hipoteczny, where on 20 November 2018 he obtained the consent of the KNF to become the Member of the Management Board supervising the management of material risks in the bank's operations. Between 29 November 2019 and 21 April 2020 Marcin Gadomski held the position of Vice President of the Management Board of the Bank responsible for the Risk Management Division. Later he was the Credit Risk Director.

Marcin Gadomski meets the suitability requirements determined in Article 22aa of the Banking Law.

Piotr Zborowski

Piotr Zborowski is a graduate of the University of Warmia and Mazury in Olsztyn, Faculty of Law and Administration, where he majored in law. He completed his legal adviser apprenticeship at the District Chamber of Legal Advisers in Warsaw. In the Bank he was the director responsible for servicing corporate offices as well as corporate governance and supporting the work of the Management Board and Supervisory Board. He was involved in the process of building and implementing the Bank's strategy, as well as in the implementation of a number of strategic projects and cooperation on behalf of the Bank with the PZU Group. Previously, among other roles, he worked in government administration bodies, including the Chancellery of the Prime Minister and the Ministry of State Assets, as the Deputy Director of the Minister's Office. He performed advisory functions in the Military Property Agency and was responsible for organizational and legal supervision in the Military Trade Company.

Piotr Zborowski meets the suitability requirements determined in Article 22aa of the Banking Law.

Jerzy Kwieciński

Jerzy Kwieciński is a graduate of the Faculty of Materials Engineering of the Warsaw University of Technology and is a Doctor in the field of technical science. He also completed a postgraduate course for managers at the Warsaw School of

Economics and an international Master of Business Administration (MBA) programme run by the University of Antwerp, the University of Staffordshire, the Free University of Brussels and the University of Warsaw. Jerzy Kwieciński also has experience in academic and research and development work, which he gained, among others, at the Warsaw University of Technology and as a visiting professor at Brunel University of West London.

Jerzy Kwieciński has more than 30 years of international experience in strategic planning, management of large organizations, programs and projects in the public, private, non-governmental and scientific research sectors, including the energy sector. From 1993 to 2004, he worked for the European Commission Representation in Poland, where his duties included the management of programs and projects financed by the European Union. He also participated in preparing Poland for membership in the European Union. Between 2004 and 2005 he was the President of Europejskie Centrum Przedsiębiorczości sp. z o.o., where in 2008-2015 he acted as a Vice-President of the Management Board.

In 2005, Jerzy Kwieciński took up the position of Undersecretary of State at the Ministry of Regional Development, where he coordinated the national development policy and cohesion policy, including work on the National Development Strategy for 2007-2015 and the National Cohesion Strategy for 2007-2013.

Between 2008 and 2015, he served as President of the Management Board of JP Capital Group sp. z o.o., specializing in the preparation and implementation of projects and innovations, including establishing and running start-ups. In that period he was also the head of Fundacja Europejskie Centrum Przedsiębiorczości (European Entrepreneurship Centre Foundation). In 2015, he was appointed Secretary of State in the Ministry of Development. Since 2015, he has been a member of the National Development Council. In November 2015, he was appointed First Deputy of the Deputy Prime Minister in the Ministry of Development. From January 2018, he held the office of the Minister of Investment and Development, and from September 2019 he served also as the Minister of Finance. He held both functions until 15 November 2019. Among other things he worked on the preparation and implementation of the Strategy for Responsible Development and implementation of cohesion policy.

From January to October 2020 he acted as President of the Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A., and he has been a member of the Supervisory Board in TUW Polski Gaz, Europolgaz S.A. and President of the Board of Directors of PGNiG Upstream Norway.

From March 2021, he was Chairman of the Supervisory Board of Pekao Investment Banking and since April 2021 he has been a Member of the Supervisory Board of Pekao Leasing.

Jerzy Kwieciński fulfils the suitability requirements determined in Article 22aa of Banking Law.

Magdalena Zmitrowicz

Magdalena Zmitrowicz is a graduate of the Faculty of Social Sciences at the University of Gdańsk, postgraduate studies at the Faculty of Management at the University of Gdańsk and postgraduate Executive MBA studies organised at the Faculty of Management at the University of Warsaw. She has completed many local and foreign training sessions, including those in credit risk management, financial analysis and sales. In 2013, she graduated from Commercial Credit College in New York as part of Citigroup.

In 2018 she started working as Managing Director in the Corporate Banking Department of the Bank, and from 1 December 2018 she was appointed as the Vice President of the Management Board of the Bank. She started her professional career in 1999 in Bank Handlowy w Warszawie S.A. in the Retail Banking Sector. She pursued her career in the Corporate Banking Division, holding various leadership roles in the regional structures of the Bank, including in the position of Head of Sales for the Northern Region and the Head of the Public Sector for Regions in the Public Sector Department. Having worked for almost twenty years in the banking industry, she has gained extensive experience both in general banking operations, including in particular the areas of sales, risk, operations and the foreign-currency market, and in various customer segments, such as retail clients, small, medium and large companies, institutional clients, the public sector and international corporations. In 2016-2017, she managed the Corporate Banking Department in the structures of the CEEMEA Commercial Banking Group - Citigroup. She managed the activities of the Strategy Champions Group at Bank Handlowy w Warszawie S.A.

From January 2019, she was a Member of the Supervisory Board of Pekao Leasing. From December 2018, she was the Deputy Chairman of the Supervisory Board of Pekao Faktoring, and from March 2021, she has been Chair of the Supervisory Board of the Bank.

Magdalena Zmitrowicz meets the suitability requirements determined in Article 22aa of the Banking Law.

Jarosław Fuchs

Jarosław Fuchs received his Master's degree with honours in Marketing and Management, in the Faculty of Management of AGH University of Science and Technology in Cracow, and he also graduated in Banking and Finance studies from the Cracow University of Economics.

He started his career in 1994, initially in Big Bank S.A. and AGH University of Science and Technology in Cracow, where he worked as a teaching assistant in the Management Faculty. From 1996 to 1997, he worked for Raiffeisen Centrobank S.A. Branch in Cracow, where he was responsible for building relationships with corporate customers. From September 1997, Jarosław Fuchs worked for Societe Generale Warsaw Branch as a Senior Marketing Specialist in the Trade Office in Cracow. In October 2000, he moved to Fortis Bank Polska S.A., as a Senior Customer Advisor in the Medium and Large Enterprises Centre.

From March 2003, Jarosław Fuchs worked for Bank Millennium S.A. in the position of Senior Expert and, subsequently, as the Director of Małopolskie Customer Cooperation Center (Medium and Large Enterprises). From August 2004, he was associated with Bank BPH S.A. in Cracow, and from December 2007 he worked with the Bank in managerial positions, where he was responsible for corporate customer relations. From March 2011, Jarosław Fuchs was responsible for the management of the Private Banking Relationship Managers Team as a Regional Sales Office Director in Cracow. At the same time, from 2013, Jarosław Fuchs worked for Pekao Central Brokerage House as a Director in the Region in the Strategic Customers Office, where he was responsible for investment product distribution for strategic customers.

Jarosław Fuchs meets the suitability requirements determined in Article 22aa of the Banking Law.

Wojciech Werochowski

Wojciech Werochowski received an MBA degree from the University of Gdańsk, Copenhagen Business School and Universiteit Antwerpen. He completed training under the GE Management Development Institute, including Six Sigma Black Belt and the Advanced Manager Course.

Before joining the Bank he worked at Powszechna Kasa Oszczędności Bank Polski S.A., Bank Handlowy w Warszawie S.A., and Bank BPH S.A., where he was responsible for the development and management of credit products, including mortgage loans, and in the CRM system. Between 2000 and 2008 he was associated with General Electric Capital in Poland, with GE Money Bank. He has worked in a number of positions in the areas of product management, development of new business models, strategic pricing and finance management, and the Lean Six Sigma programs.

From December 2017 he served as a director of the Issuer's Retail Customer Credit Products Department, where he managed retail customer credit products and was responsible for the sales activity, portfolio quality as well as the financial performance of the products and product development.

From March 2021, Vice-Chairman, and from April 2022, Chairman of the Supervisory Board of Pekao Direct Sp. z o. o. Since April 2022, he has also been a Member of the Supervisory Board of Pekao Bank Hipoteczny S.A.

Wojciech Werochowski fulfils the suitability requirements determined in Article 22aa of Banking Law.

Błażej Szczeciński

Błażej Szczeciński has a Ph.D degree in economics from the European University Viadrina Frankfurt (Oder), and he graduated from the Faculty of Economics at the European University Viadrina Frankfurt (Oder). He participated in numerous courses and training sessions in Poland and abroad, including Unifuture in cooperation with the Institute for Management Development (IMD) in Lausanne (Switzerland).

Błażej has been professionally associated with the Group since 2004. From 2018 to 2021 he served as the Chief Transformation Officer and subsequently as the Chief Strategy Officer of the Bank, responsible among other things for digital and operational transformation, as well as for the coordination of the work on the strategy of the Bank. From 2017 to 2018 he was responsible for the Transformation and Services Division, where among other things he managed IT and Operations of the Bank. From 2010 to 2017 he was a Member of the Management Board of Pekao Leasing, where he assumed responsibility for IT, operations, insurance business, and customer service.

Previously, from 2004 to 2010 he had held various leadership roles in the Corporate Banking Division of the Bank, including participation in the taskforce preparing the merger of the Bank with BPH Bank S.A. Before joining the Bank, he worked as a consultant for McKinsey and Co. in Frankfurt (am Main) in Germany. He also served as a research associate at the University in Frankfurt (Oder) and in Giessen (Germany), and he also has professional experience at Dresdner Bank. Since 2017 he has served as the Chairman of the Supervisory Board of Centrum KArticle In addition, from 2017 to 2020 he was also the Vice-chairmen of the Supervisory Board of PFS.

From 2017, Błażej was the Chairman of the Supervisory Board of Centrum Kart S.A. From 2017 to August 2020, he was on the Supervisory Board of PFS, where he was the Deputy Chairman and Secretary of the Supervisory Board. He was reappointed to the Supervisory Board of PFS in March 2021 and serves as the Chairman of the company's Supervisory Board.

Błażej Szczeciński fulfils the suitability requirements determined in Article 22aa of Banking Law.

Paweł Strączyński

Paweł Strączyński has a university degree from the Wrocław University of Economics, the Faculty of National Economy. His field of study was: finance and banking and he is a Master of Business Administration – Executive MBA degree.

He has extensive managerial experience. Paweł Strączyński has held the position of the President of the Management Board of TAURON S.A. He was also a Member of the Management Board of PKEE – the Polish Electricity Association.

Previously, Paweł Strączyński held the position of Vice President of the Management Board for Finance at PGE Polska Grupa Energetyczna S.A. He was a Member of the Management Board of companies such as: Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A., ZOWER sp. z o.o., PGNiG Termika Energetyka Przemysłowa S.A., Przedsiębiorstwo Energetyki Ciepłej S.A. in Jastrzębie-Zdrój and Polska Grupa Biogazowa S.A.

Paweł Strączyński meets the suitability requirements determined in Article 22aa of Banking Law.

Paweł Strączyński is also a Member of the Supervisory Board of Krajowa Izba Rozliczeniowa S.A. as well as a Member of the Board of Directors KGHM International LTD in Canada and a Member of the Team of Economic Advisors at the Ministry of State Assets.

The business address of all Management Board members is ul. Żubra 1, 01-066 Warsaw, Poland. No Management Board member has any factual or potential conflict of interest between his/her duties to the Bank and his/her private interests and other duties.

In the table below, information on other companies in which members of the Management Board held management board or supervisory board positions during the last five years is shown.

Positions held by members of the Management Board in other companies

Name	Name of the company	Position	Does the Management Board member continue to serve in that capacity?
Leszek Skiba	Giełda Papierów Wartościowych w Warszawie S.A.	Member of the Supervisory Board	Yes
	Fundacja Instytut Sobieskiego	Member of the Supervisory Board	Yes
	“Towarzystwo Oświatowo-Naukowe Ton”	Member of the Management Board	Yes
	Aplikacje Krytyczne sp. z o.o.	Member of the Supervisory Board	No
Marcin Gadomski	System Ochrony Banków Komercyjnych S.A.	Member of the Supervisory Board	Yes
	Biuro Informacji Kredytowej S.A.	Member of the Supervisory Board	Yes
	Pekao Leasing sp. z o.o.	Member of the Supervisory Board	Yes
	Pekao Investment Banking S.A.	Member of the Supervisory Board	Yes
	Pekao Bank Hipoteczny S.A.	Member of the Supervisory Board	Yes
	Pekao Bank Hipoteczny S.A.	Member of the Management Board	No
Piotr Zborowski	Pekao Bank Hipoteczny S.A.	Member of the Supervisory Board	Yes
	Enea S.A.	Member of the Supervisory Board	No
	Zakłady Pomiarowo-Badawcze Energetyki “Energopomiar” sp. z o.o.	Member of the Supervisory Board	No
Jerzy Kwieciński	Stowarzyszenie “Kluby Europy Karpat”	Member of the Supervisory Board	Yes

Name	Name of the company	Position	Does the Management Board member continue to serve in that capacity?
	Pekao Leasing sp. z o.o.	Member of the Supervisory Board	Yes
	Pekao Investment Banking S.A.	Member of the Supervisory Board	Yes
	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych	Member of the Supervisory Board	No
	Polskie Górnictwo Naftowe i Gazownictwo S.A.	President of the Management Board	No
	System Gazociągów Tranzytowych "Europol Gaz" S.A.	Member of the Supervisory Board	No
Magdalena Zmitrowicz	Pekao Leasing sp. z o.o.	Member of the Supervisory Board	Yes
	Pekao Faktoring sp. z o.o.	Member of the Supervisory Board	Yes
Wojciech Werochowski	Pekao Bank Hipoteczny S.A.	Member of the Supervisory Board	Yes
	Pekao Direct sp. z o.o.	Member of the Supervisory Board	Yes
Błażej Szczeciński	Pekao Financial Services sp. z o.o.	Member of the Supervisory Board	Yes
	Centrum Kart S.A.	Member of the Supervisory Board	Yes
Paweł Strączyński	Krajowa Izba Rozliczeniowa S.A.	Member of the Supervisory Board	Yes
	"Zower" sp. z o.o.	Vice-president of the Management Board	No
	Fundacja PGE na Rzecz Rozwoju Nauki im. Józefa Pupki	Member of the Supervisory Board	No
	PGE Polska Grupa Energetyczna S.A.	Vice-president of the Management Board	No
	Polski Komitet Energii Elektrycznej	Member of the Management Board	No
	Przedsiębiorstwo Energetyki Ciepłej S.A.	Member of the Management Board	No
	Tameh Holding sp. z o.o.	Member of the Supervisory Board	No
	Tauron Polska Energia S.A.	President of the Management Board	No
	Wierzbowa Techno-Park sp. z o.o.	Member of the Management Board	No
	Wierzbowa Techno-Park sp. z o.o.	Shareholder	No
	Zespół Elektrociepłowni Wrocławskich Kogeneracja S.A.	Vice-president of the Management Board	No

Supervisory Board

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

The Supervisory Board consists of seven to nine members elected by the General Meeting for a joint term of office of three years. The Supervisory Board elects its Chairman, two Deputy Chairmen and the Secretary from among its members. The Deputy Chairman may simultaneously perform the function of Secretary. The Management Board must notify the KNF of the composition of the Supervisory Board.

Independent members must constitute at least half of the composition of the Supervisory Board. The independent members of the Supervisory Board must be free of any associations that might bear a material impact upon their capacity to take impartial decisions. The independence criteria are defined in the Articles of Association.

Meetings of the Supervisory Board are held as necessary, but not less frequently than every two months. Passing a Supervisory Board resolution requires a majority of votes.

The Supervisory Board appoints the Audit Committee, the Nomination and Remuneration Committee and the Risk Committee. The members of the committees carry out particular supervisory activities. The exact scope of responsibilities of a committee is set out in the regulations of the given committee adopted by the Supervisory Board.

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

Name	Position
Beata Kozłowska-Chyła	Chairwoman of the Supervisory Board
Joanna Dynysiuk	Deputy Chairwoman of the Supervisory Board
Małgorzata Sadurska	Deputy Chairwoman of the Supervisory Board
Stanisław Ryszard Kaczoruk	Secretary of the Supervisory Board
Marcin Izdebski	Member of the Supervisory Board
Sabina Bigos-Jaworowska	Member of the Supervisory Board
Justyna Głębiowska-Michalak	Member of the Supervisory Board
Michał Kaszyński	Member of the Supervisory Board
Marian Majcher	Member of the Supervisory Board

Beata Kozłowska-Chyła

Beata Kozłowska-Chyła, PhD, graduated from the Faculty of Law and Administration at the University of Warsaw. She received a PhD in law, and subsequently the scientific degree of habilitated doctor of law. She is a lecturer in the Faculty of Law and Administration at the University of Warsaw in the Department of Commercial Law. She performs the profession of legal advisor and is the recommended arbitrator at the Arbitration Court at the Polish Chamber of Commerce in Warsaw.

Currently, she is the acting President of the Management Board of PZU. She served as a member of the Supervisory Board of PZU, a member of the Supervisory Boards of TFI PZU S.A. and PTE PZU S.A. and she was twice a member of the Management Board of PZU. She was also a member of PZU Życie S.A. She also currently serves as the Chairwoman of the Supervisory Board of PZU Życie Spółka Akcyjna, and as the Chairwoman of the Lotos S.A Group Supervisory Board. She worked as a deputy director of the Legal and Licensing Department in the Pension Fund Regulatory Authority and served as the President of the Management Board of Polskie Wydawnictwo Ekonomiczne S.A. Beata Kozłowska-Chyła is a member of the Legislative Council under the President of the Council of Ministers, a member of the Entrepreneurship Council under the President of the Republic of Poland and a member of the task force in the Corporate Governance Reform Commission under the Minister of State Assets. She also holds the position of member of the Board of the Polish Olympic Committee and is on the Social Supervisory Board of Sport under the Minister of Sport.

Joanna Dynysiuk

Joanna Dynysiuk is a graduate of the Faculty of Law and Administration at the University of Warsaw. In 2010 she completed her legal advisor training and obtained the title of legal advisor. She began her professional career in 2005 at K&L Gates (former Hogan & Hartson), and then continued her career at CMS Cameron McKenna. From August 2016, she was employed at Polski Fundusz Rozwoju S.A., where she started working as the Deputy Director of the Legal Department, and currently she is the Director of the Legal Department. She has participated in a number of M&A transactions, financing and issues of securities. She was responsible for legal advice in the implementation by Polski Fundusz Rozwoju S.A. of the Financial Shield for micro, small and medium companies and for large companies. Since 2017, she has been the Vice President of the Supervisory Board of the Bank.

Małgorzata Sadurska

Małgorzata Sadurska has been a member of the Management Board in PZU since 13 June 2017 and PZU Życie S.A. since 19 June 2017. She is a graduate of the Law and Administration Faculty of the Maria Curie-Skłodowska University in Lublin and completed a post-graduate course in Organisation and Management at the Lublin School of Business. She completed her Master of Business Administration degree at the Faculty of Management at the Lublin University of Technology. This programme in management was run in cooperation with the University of Minnesota in Minneapolis. Under the programme run by this university she also gained a certificate in human resource management and marketing.

On the Management Boards of PZU and PZU Życie S.A., she is responsible for the Cooperation with Banks Division, including bancassurance and strategic partnership programs and the Corporate Customer Division. She also supervises foreign companies in the PZU Group. She is also a member of key Committees operating in PZU and PZU Życie S.A., including: the Investment Committee, the PZU Group Risk Committee, and the Investment Risk Committee. Until 2017 she was the head of the Chancellery of the President of Poland. She was responsible for cooperation with the Council of Ministers, the Parliament and public administration authorities. Małgorzata was the Deputy Chairwoman of the Commission on Amendments to Codification in the Sejm of the Republic of Poland from 2012 to 2015. She participated in work on bills concerning civil and criminal law and the Commercial Companies Code. She was the Chairwoman of the Supervisory Board of the ZUS Social Insurance Institution in 2007. As a secretary of state in the Chancellery of the Prime Minister she participated in meetings of the social insurance task force. She was involved in analysing the legal, social and financial consequences of solutions in this field.

Stanisław Ryszard Kaczoruk

Stanisław Ryszard Kaczoruk, PhD is a graduate of the Faculty of Mathematics, Physics and Chemistry of the University of Wrocław. In the years 1979-1991 he carried out didactic and scientific work at various universities. In 1986 he obtained a doctorate in technical sciences, and additionally in 1986 he completed postgraduate pedagogical study and IFG training. In 1993 he attended the Postgraduate Polish-American College of Social Communication, the Wrocław University of Technology and the University of Connecticut, USA, where he completed dozens of training sessions in marketing and management, economics, finance, IT, NLP and health and safety.

He is a member of the following Supervisory Boards of companies listed on the WSE: MCI Capital Towarzystwo Funduszy Inwestycyjnych S.A. (2009-2011), Eficom-Sinersio S.A. (2015-2016), Alior Bank (2016-2017), the Bank (Vice Chairman of the Supervisory Board, from 2017), Qumak S.A. (2017-2019), and PKP PLK S.A. (from 2018). He participated in projects related to the creation of strategies for strategic companies, and he also cooperated with leading consulting companies in the area of capital takeovers and the restructuring of companies (including PKP Energetyka, Elester PKP). He also cooperated in the organisation of TFI KGHM. He is an expert of the Ministry of Development on the use of EU subsidies. He was also an advisor to the Aplikacje Krytyczne (VAT analysis) company acting for the Ministry of Finance. In the years 1998-2016 he worked as a director and in the management of companies operating on the IT market and legal and consulting services market, at the same time conducting business activity in the field of building business models, developing market analyses, segmentation, analysis of organisational structures and processes, financial engineering, debt collection and restructuring of companies and strategy building. He carried out conceptual, coordination, promotional and educational activities in the field of cyber security in Poland. He has extensive knowledge and practical and managerial experience. From 1978 to 1992 he conducted teaching and research activities at universities in Wrocław and Szczecin. In the years 1991-1993 he was the head of the IT department at KGHM-Metraco sp.z o.o., and in 1993 he was the head of the IT department of the Management Board Office of KGHM S.A. In 1994 he was the commercial and regional director at InterAms sp.z o.o. In 1994-1995 he was the commercial director at NetCom sp.z o.o. In 1995-1997 he was the managing director at Kaczmarek Burgel Inkasso sp.z o.o. In 1997-2002 he was the commercial director at Winue S.A. (Emax). In 2002-2005 he cooperated with ComputerLand S.A. and in 2005-2006 with SPIN S.A. in the scope of defining and implementing product development strategies, market research and customer acquisition. In 2004-2012 he was a member of the board of Value Based Advisors sp.z o.o., and from 1999 he was the president and co-owner of the International Court of Arbitration sp.z o.o. (in 2013-2018 he was the president of the International Arbitration Court S.A.). In 2015-2016 he was a commercial proxy in Eficom-Sinersio S.A. Mathematician.

Stanisław Ryszard Kaczoruk has participated in many scientific and research projects and has cooperated with several universities and research centres in Poland (among others from 2016 - CEZAMAT – as a member of the Programme Council). He has had several publications in the field of theoretical analyses and applications of mathematics (including mathematical statistics) and computer science, among others in economics and environmental protection, published in numerous Polish and foreign scientific journals. He was awarded the Bronze Cross of Merit (2005), the Knight's Cross of the Order of Polonia Restituta (2012) and numerous awards and distinctions of social organisations and associations.

Stanisław Ryszard Kaczoruk is an independent member of the Supervisory Board.

Marcin Izdebski

Marcin Izdebski graduated from the Warsaw University of Technology and the Warsaw School of Economics.

He has gained work experience in the private sector, non-governmental organisations and government administration, with which he has been continuously associated since 2016. During this period, he has held responsibility for supervision over companies with a State Treasury shareholding. He has been responsible for executing equity transactions involving acquisitions, mergers, and divisions of assets or companies. He has experience based on working for the supervisory authorities of capital companies, including PKO Bank Polski S.A. Currently, he is the Director of the Department of Fuel and Energy Companies at the Ministry of State Assets. Since 2018, he has acted as the Chairman of the Supervisory Board of Polska Grupa Lotnicza S.A.

Sabina Bigos-Jaworowska

Sabina Bigos-Jaworowska is a graduate of the Faculty of Economics at the University of Economics in Katowice. She completed Postgraduate Studies in Health Care Management at the same university. She holds a diploma of the Ministry of the Treasury entitling her to sit on the supervisory boards of state-owned companies.

Since 1994, she has been associated with the Health Care sector, and in 2000 she took the position of the Director of the Health Care Team in Oświęcim. In 2016, she was a member of the Supervisory Board of PL 2012+, as the operator of the National Stadium in Warsaw. In April 2017, she was again appointed for another term of office as Vice President. In addition, she is the Vice President of the Association of Hospitals of Małopolska, a Member of the Board of the National Association of Employers of Poviats Hospitals and a Representative of Employers of the Convention of the Higher Vocational School in Oświęcim.

Sabina Bigos-Jaworowska is an independent member of the Supervisory Board.

Justyna Głębikowska-Michalak

Justyna Głębikowska-Michalak graduated from the Faculty of Economics of the Maria Curie-Skłodowska University in Lublin, in the field of “Management and Marketing” (1997), and in post-graduate studies in “Accounting” at the University of Economics in Poznań.

In 2001, she obtained authorisation granted by the Finance Ministry to provide accounting services. Since 2003, she has been operating her own Accounting Office “Vademecum”, specialising in providing services for business entities obliged to maintain full accounting. She also has the status of auditor. She is also extensively experienced in providing accounting services to numerous business entities across Poland, including management accounting. She maintains an interest in finance and business psychology.

Justyna Głębikowska-Michalak is an independent member of the Supervisory Board.

Michał Kaszyński

Michał Kaszyński is a graduate from the Faculty of Law at the Jagiellonian University in Cracow and postgraduate studies in Personnel Management at the AGH University of Science and Technology in Cracow. In 1992, he completed an internship under the Tempus programme at the Instituto Formazione Operatori Aziendali in Italy in the field of management and marketing. In 2005 he completed training to become an admitted legal advisor, and is included on the list of legal advisors at the District Chamber of Legal Advisors in Katowice.

Between 1988 and 2011 he was associated with the company SAOL Distribution, engaged in the distribution of alcoholic beverages, which has since 2004 belonged to the CEDC S.A. group. In that company he held the position of the Director for Human Resources Management and then the Director for Administrative and Legal Affairs and HR. Since 2005, he has been running his own business under which he provides legal assistance to entrepreneurs and local government units in the field of investment, production, housing resource management, sales and medical activities. He is a Member of the Supervisory Boards of: Miejski Zakład Energetyki Ciepłej, Firma Handlowa SAOL, Przedsiębiorstwo Handlu Spożywczego, KBO Oświęcim, and Gliwice Zakłady Usług Górniczych. Presently, he is a member of the Krynica Uzdrowisko-Żegiestów S.A. Supervisory Board.

Michał Kaszyński is an independent member of the Supervisory Board.

Marian Majcher

Marian Majcher is a graduate of the University of Silesia in Katowice at the Faculty of Social Sciences, as well as Postgraduate Studies in Business Management at the Institute of Organization and Management in Industry with its headquarters in Warsaw. He started his professional career as a researcher at the University of Silesia in Katowice. In the years 1990-1999 he devoted himself to building an independent media in Poland, as a co-owner of the press publishers ‘Word’ in Chorzów and ‘Free Word’ in Katowice.

He began his professional career in industry in 1999, being until 2016 associated with the CTL MaczkiBór S.A. Group and its wide activity in the Upper Silesian Industrial District. He held the positions of Managing Director and Vice President of the Management Board of CTL, playing a key role in the privatisation of this enterprise (then Kopalnia Piasku Maczki-Bór) and adding it to the CTL Logistics Group - one of the largest independent and private rail carriers in Europe. From May 2010 to May 2016 he was the President of the Management Board of CTL Maczki – Bór S.A. Since 2003, he has been the President of the Management Board of CTL Haldex S.A., a company dealing with the technological recovery of hard coal from waste gangue. At the same time, it is one of the largest completed and pro-ecological development projects of the CTL Maczki-Bór Group in cooperation with Haldex S.A. He is a qualified member of the Supervisory Boards in State Treasury companies. He expanded his banking knowledge at the Boston Consulting Group workshops in market analysis, risk management and the economic environment. He is also a specialist in the field of obtaining financing sources for the modernisation and restructuring of enterprises as well as conducting negotiations. He served on the Supervisory Boards of, among others: Agencja Rozwoju Regionalnego in Żory (Vice Chairman of the Supervisory Board), Wojewódzkie Przedsiębiorstwo Energetyki Ciepłej in Legnica (member of Supervisory Board), Tauron Czech Energy s.r.o. in Ostrava, Kopalni Piasku Maczki-Bór Spółka z o.o. (Chairman of the Supervisory Board), Centralny Ośrodek Informatyki Górnictwa S.A. in Katowice (member of the Supervisory Board), EIB S.A. in Toruń (member of the Supervisory Board), MB EKO S.A. in Sosnowiec, Metanel S.A. in Warsaw, and Centrala Zaopatrzenia Hutnictwa S.A. in Katowice. Since 2017, he has been a member of the Supervisory Board of the Bank, including a member of the Risks Committee of the Supervisory Board. He is the winner of many management awards, including: (i) “Success in Silesia. People and companies” in the Manager category in Silesia 2012 awarded by the Silesian Association of Managers in Katowice, (ii) “Business Gazelle” for the achieved development and growth of the company awarded by Puls Biznesu, (iii) “Well seen company” awarded by the Business Center Club. He was awarded the Medal of Merit for the Katowice Province (1999) and the Medal of Merit for Culture (1999). In 2010, the President of the Republic of Poland, Lech Kaczyński, honored Marian Majcher with the Knight’s Cross of the Order of Polonia Restituta for shaping an independent media in the 1980s.

Marian Majcher is an independent member of the Supervisory Board.

Positions held by members of the Supervisory Board in other companies

In the table below, information on other companies in which members of the Supervisory Board held management board or supervisory board positions during the last five years is shown.

Name	Name of the company	Position	Does the Supervisory Board member continue to serve in that capacity?
Beata Kozłowska-Chyła	Powszechny Zakład Ubezpieczeń S.A.	President of the Management Board	Yes
	Powszechny Zakład Ubezpieczeń na Życie S.A.	Member of the Supervisory Board	Yes
	Anwil S.A.	Member of the Supervisory Board	Yes
	Polish Publishing Group sp. z o.o.	Shareholder	Yes
	Fundacja Akademickiego Związku Sportowego	Member of the Management Board	No
	Grupa Lotos S.A.	Member of the Supervisory Board	No
	Nzbc Legal Advisory Chyła Bielecki i Wspólnicy sp. k w likwidacji	Shareholder	No
	Polskie Wydawnictwo Ekonomiczne S.A.	Member of the Management Board	No
	Zrem-Bud Sp. z o.o.	Member of the Supervisory Board	No
Joanna Dynysiuk	“DCT Gdańsk” S.A.	Member of the Supervisory Board	No
	Holbrook sp. z o.o.	Member of the Supervisory Board	No
	Pojazdy Szynowe Pesa Bydgoszcz S.A.	Member of the Supervisory Board	No

Name	Name of the company	Position	Does the Supervisory Board member continue to serve in that capacity?
Małgorzata Sadurska	Link4 Towarzystwo Ubezpieczeń S.A.	Member of the Supervisory Board	Yes
	Fundacja PZU	Member of the Supervisory Board	Yes
	Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych	Member of the Supervisory Board	Yes
	Powszechny Zakład Ubezpieczeń S.A.	Member of the Management Board	Yes
	Powszechny Zakład Ubezpieczeń na Życie S.A.	Member of the Management Board	No
Stanisław Ryszard Kaczoruk	Merlin Group S.A.	Member of the Supervisory Board	Yes
	QPS sp. z o.o. w upadłości	Member of the Supervisory Board	Yes
	Qumak S.A. w upadłości	Member of the Supervisory Board	Yes
	Stowarzyszenie Cloud Community Europe Polska	Member of the Supervisory Board	Yes
	Eficom-Senersio S.A.	Member of the Supervisory Board	Yes
	International Court of Arbitration – Międzynarodowy Sąd Arbitrażowy S.A.	President of the Management Board	Yes
	International Court of Arbitration – Międzynarodowy Sąd Arbitrażowy S.A.	Shareholder	Yes
	PKP Polskie Linie Kolejowe S.A.	Member of the Supervisory Board	No
Marcin Izdebski	System Gazociągów Tranzytowych “Europol Gaz” S.A.	Member of the Supervisory Board	Yes
	Polska Grupa Lotnicza S.A.	Member of the Supervisory Board	No
	Polska Wytwórnia Papierów Wartościowych S.A.	Member of the Supervisory Board	No
	Polski Holding Hotelowy sp. z o.o.	Member of the Supervisory Board	No
Sabina Bigos-Jaworowska	Szpital Wojewódzki w Bielsku Białej	Manager of a public health care facility	Yes
	PL.2012+ sp. z o.o.	Member of the Supervisory Board	Yes
	Ogólnopolski Związek Pracodawców Szpitali Powiatowych	Member of the Management Board	No
	Stowarzyszenie Szpitali Małopolski	Member of the Management Board	No
Justyna Głębiowska-Michalak	Audyt Vademecum sp. z o.o.	Member of the Management Board	Yes
	Audyt Vademecum sp. z o.o.	Shareholder	Yes
Michał Kaszyński	Stowarzyszenie na rzecz szkoły zarządzania i handlu w Oświęcimiu	President of the Management Board	Yes
	“Gliwicki Zakład Usług Górniczych” sp. z o.o.	Member of the Supervisory Board	No

Name	Name of the company	Position	Does the Supervisory Board member continue to serve in that capacity?
	“Uzdrowisko Krynica-Żegiestów” S.A.	Member of the Supervisory Board	No
Marian Majcher	Eurocoal sp. z o.o.	Shareholder	Yes
	Maczki-Bór S.A.	President of the Management Board	Yes
	Slt Retailer J.Bieczek M.Hola-Chwastek M.Majcher sp. k.	General Partner	Yes
	Pro-Konsult sp. z o.o.	Shareholder	Yes
	Chem Trans Logistic Haldex S.A.	President of the Management Board	Yes
	Grupa CZH S.A.	Member of the Supervisory Board	No
	Haldex Investment 2 sp. z o.o.	Proxy	No
	Haldex Investment 2 sp. z o.o.	Shareholder	No

Audit Committee

The audit committee of the Bank ("**Audit Committee**") operates on the basis of the Rules of the Supervisory Board and the Rules of the Audit Committee, which were adopted the Supervisory Board in Resolution No. 11/22 of 24 January 2022 (the consolidated text).

The purpose of the Audit Committee is to support the Supervisory Board in fulfilling its duties concerning, in particular: (i) monitoring the financial reporting process, (ii) monitoring the effectiveness of internal controls, risk management systems and internal audits, including financial reporting, (ii) monitoring the performance of financial audit activities, in particular, audits carried out by the audit firm, and informing the Bank's Supervisory Board of the results of such audits, (iv) controlling and monitoring the independence of the statutory auditor and the audit firm, (v) determining the procedure for selecting audit firms and (vi) granting consent to the provision of permitted non-audit services.

The Audit Committee consists of 3 (three) to 5 (five) members elected from among the members of the Supervisory Board. At least one member of the Audit Committee has necessary knowledge and skills in accounting or auditing financial statements.

Most members of the Audit Committee, including its Chairwoman and a member of the Audit Committee possessing the required knowledge and skills in accounting or auditing of financial statements, are independent in the meaning of par. 129 section 3 of the Polish Act of 11 May 2017 on statutory auditors, audit firms and public supervision ("**Act on Statutory Auditors**"). Audit Committee meetings are held on request, but not less frequently than four times a year, at times compatible with the key dates in the Bank's quarterly reporting schedule and the review of the annual audit plan presented by the Chief of the Internal Audit Department.

In 2022, 14 Audit Committee meetings were held.

The composition of the Audit Committee is as follows:

- Justyna Głębiowska-Michalak - Chairwoman of the Audit Committee (independent member)
- Marcin Izdebski – Secretary of the Audit Committee
- Joanna Dynysiuk – Member of the Audit Committee
- Sabina Bigos-Jaworowska - Member of the Audit Committee (independent member)
- Michał Kaszyński - Member of the Audit Committee (independent member)

As a public interest entity, the Bank, by means of resolutions adopted by the Supervisory Board, has implemented the policies and procedures set out in Article 130 par. 1 item 5-7 of the Act on Statutory Auditors, which refer to selecting an audit firm to perform a statutory audit of the financial statements.

On 11 June 2021, the Ordinary General Meeting of the Bank elected KPMG Audyt sp. z o.o. sp. k. ("**KPMG**") to audit the Bank's financial statements and consolidated financial statements of the Bank's Group for the years 2021-2023.

Nomination and Remuneration Committee

The nomination and remuneration committee of the Bank ("**Nomination and Remuneration Committee**") operates on the basis of the Rules of the Supervisory Board and the Rules of the Nomination and Remuneration Committee which were adopted by the Supervisory Board in Resolution No. 161/2022 of 2 November 2022 (consolidated text).

The purpose of the Nomination and Remuneration Committee is to assist the Supervisory Board in carrying out its tasks related to the composition of the Management Board and monitoring the Management Board's policy on selecting and appointing persons to managerial positions at the Bank.

The Nomination and Remuneration Committee's responsibilities include: (i) determining the level of knowledge and competence required to perform the function of a Management Board member and related time commitment expectations, both at the time of their appointment and assessment (at least once a year); (ii) recommending remuneration for the members of the Management Board (to the Supervisory Board) and for members of the Supervisory Board (to the General Meeting on remuneration), (iii) making recommendations to the Supervisory Board regarding the collective suitability of the Management Board and succession plans of the members of the Management Board in order to ensure the continuity of management; and (iv) preparing and submitting a report on the evaluation of the effectiveness of the Remuneration Policy of the Bank to the Supervisory Board (once a year).

In 2022, the Nomination and Remuneration Committee held nine meetings.

The composition of the Nomination and Remuneration Committee is as follows:

- Beata Kozłowska-Chyła – Chairwoman of the Committee
- Małgorzata Sadurska - Secretary of the Committee
- Sabina Bigos-Jaworowska - Member of the Committee
- Joanna Dynysiuk - Member of the Committee
- Marian Majcher - Member of the Committee
- Stanisław Ryszard Kaczoruk - Member of the Committee
- Michał Kaszyński - Member of the Committee

Risk Committee

The risk committee of the Bank ("**Risk Committee**") operates on the basis of the Rules of the Supervisory Board and the Rules of the Risk Committee, which were adopted by the Supervisory Board in Resolution No. 12/22 of 24 January 2022.

The purpose of the Committee is to support the Supervisory Board in fulfilling its duties in terms of supervising the risk management system and assessing the adequacy and effectiveness of this system. The tasks of the Risk Committee include, inter alia, expressing opinions on (i) the Bank's overall current and future risk appetite; (ii) the risk management strategy developed by the Management Board (in the scope of credit, financial and operational risk); and (iii) reports on the risk profile and implementation of the risk management strategy presented by the Management Board.

In 2022, the Risk Committee held 14 meetings.

The composition of the Risk Committee is as follows:

- Stanisław Ryszard Kaczoruk - Chairman of the Committee
- Marcin Izdebski - Secretary of the Committee
- Michał Kaszyński - Member of the Committee
- Marian Majcher - Member of the Committee
- Małgorzata Sadurska - Member of the Committee

Other information on members of the Management and Supervisory Boards

No Management Board or 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.

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, the Arranger or the Dealers 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

Poland is the largest economy in the CEE, with a track record of steady growth despite prolonged turmoil on international financial markets. Poland, with around 38 million residents, remains the largest accession member of the EU and the fifth largest EU country by population.

Since joining the EU in 2004, Poland has benefited significantly from EU structural funds, allowing the government to invest in infrastructural and social development. Adjustments to EU standards have supported the country's modernisation.

However, in recent years, the Polish economy has experienced serious turbulence, which was the result of a combination of factors such as the COVID-19 pandemic, the war in Ukraine, the energy crisis, interest rate hikes and supply chain disruption. Economic growth continued to slow down over the course of 2022. In 2022, the Polish economy grew by 5.1 per cent, compared to an increase of 7.0 per cent a year earlier. Domestic demand in 2022 increased by 5.0 per cent, while net exports added 0.3 pp. Economic growth was almost predominantly driven by a significant increase in gross accumulation (15.7 per cent yoy) - both a slight recovery in investment (5.0 per cent yoy) and a strong rebound in inventories (2.6 pp. of contribution to GDP growth) can be observed. To a lesser extent, the growth was supported by consumption, which increased by 1.9 per cent yoy, of which private consumption grew by 3.3 per cent yoy. 2022 can be summarized as a period of weaker consumer demand due to tightening monetary policy and rising inflation, increase in inventories due to uncertainty, weaker demand and the need to make up for the period of shortages (2021), and resilience of investment, in part due to very strong FDI inflows. In 2023, it is expected that Polish economy will grow by no more than 1% as a result of, inter alia, the weakening of the Polish zloty and the lack of EU funds with which to implement the national reconstruction plan.

Inflation in 2022 turned out to be much higher than market expectations, which was mainly due to the macroeconomic consequences of Russia's invasion of Ukraine. Global risk aversion and a lower supply of Russian energy resources boosted prices of energy and fuels. Food prices recorded a significant increase (on average in 2022 by almost 16 per cent), because of high energy and fertilizer prices, limited supply of food from countries situated to the east as well as higher labour costs. More broadly, inflation was fuelled by the post pandemic rebound in global demand for consumer goods and very loose monetary and fiscal policies pursued in 2020-21 by major economies.

Inflation spilled over a wide range of goods and services due to the pass-through of high energy prices by producers and sellers into the prices of final goods for consumers (the so-called second-round effects). This was possible due to the continued high demand in the economy, supported by expansionary fiscal policy and strong labour market. Core inflation excluding food and energy prices accelerated on average in 2022 to 9.1 per cent.

At the end of 2022, the first signals of a decrease in inflation had appeared, starting from falling prices of raw materials and industrial goods. At the beginning of 2023 Poland experienced a peak in inflation, mostly related to phasing out of the government's "anti-inflation shield" (including a return to higher VAT rates on electricity and gas bills). Disinflation continued over the first nine months of 2023, with inflation amounting to 6.5 per cent yoy in October. Even though the inflation was expected to continue falling, the recent decision of the MPC to decrease the reference interest rate by 0.75 base points may slow down the disinflation or even result in an increase of the inflation. Moreover, weather conditions in Poland and the rest of Europe, specifically drought, may create an inflationary pressure on food prices which threatens a situation where inflation will fall more slowly than anticipated. The pace of disinflation is expected to slow down in 2024.

Despite the energy crisis, which is costly for the state budget, current Polish fiscal indicators are favourable. Public debt is low compared to other EU countries (49.1 per cent of GDP) and last year's deficit of general government was moderate given the circumstances (3.1 per cent of GDP). In addition, cash reserves of the Ministry of Finance are still relatively high (PLN 139 billion at the end of June 2023) and the supply of treasury bonds at auctions is moderate. The costs of servicing public debt have so far remained low (around 1 per cent of GDP) as a result of a decade (2011-2021) of low inflation, interest rates and yields on government bonds. It is expected that it will take several years before the recent tightening of

monetary policy and resulting higher bond yields will translate into a significant increase in the costs of servicing the entire public debt of the Polish state.

The Ministry of Finance estimated that, in 2022, the public finance sector deficit would amount to 4.3% of Poland's GDP; however, the deficit was 3.4% GDP. Poland's 2023 budget initially assumed a public finance deficit of PLN 68 billion, which amount was subsequently increased to PLN 92 billion as a result of the budget amendment adopted by the Polish parliament. The Bank expects that the deficit of general government for the whole year 2023 will be around 4.2% of Poland's GDP.

In the second quarter of 2023, the Polish zloty strengthened significantly, over the course of three months the EUR/PLN exchange rate fell from 4.68 to 4.44, USD/PLN fell from 4.30 to 4.08 and CHF/PLN from 4.70 to 4.55. Due to the stability in the euro and the dollar's exchange rates, the PLN's appreciation was clearly a move driven by EUR/PLN. This had more than one cause and among the relevant factors one should single out: the improvement in the Polish economy's fundamentals (CA surplus and a major decline in import costs), FDI inflow, exchanging hard currency borrowed by the Finance Ministry and Bank Gospodarstwa Krajowego into PLN and capital flows into emerging markets. However, the subsequent months of 2023 saw a weakening of the Polish currency, with the USD/PLN exchange rate increased to 4.35 and the EUR/PLN exchange rate to 4.66 in September 2023, the main reason being the interest rate cut by the MPC. Following the interest rate cut implemented by the MPC, the Polish currency strengthened in October 2023 against both the dollar, with the USD/PLN exchange rate falling to 4.19, and the euro, with the EUR/PLN exchange rate falling to 4.41.

Polish banks remain predominantly deposit funded. Their high digitalization and sound operating efficiency have helped incumbent entities to defend their current market shares against new entrants or sector disruptors (for example, online platforms) and defend efficiency metrics. But in the longer term, despite the 2021 earnings rebound, banks may not be able to fully buffer the trend of falling profitability, given low interest rates, potentially subdued demand for credit, or specific government-imposed charges. Some risks in relation to governance standards stem from the high and proactive state ownership in the sector, which already imbues management structures with high volatility. In addition, recent rulings of the Court of Justice of the European Union creates a further threat to the future margins of Polish banks (as described in *"Risk Factors— Claims of borrowers under mortgages denominated in CHF or indexed to CHF may adversely affect the Group's financial performance"*).

According to the KNF data, the aggregated net profit of the banking sector in 2022 increased by 108 per cent compared to 2021 and amounted to PLN 12.5 billion. Its volatility was increased by provisions made by banks increasing the cost of risk by 45 per cent compared to 2021. The operating result, which does not include such one-off events, increased by 59 per cent in 2022 after an increase of 20 per cent in 2021. Net interest income increased by 63 per cent due to the interest rate increases that have been taking place since the end of 2021. Although in the initial phase of the cycle of MPC rate hikes, a greater impact of higher rates was observed on the side of revenues than interest costs, throughout 2022, interest costs increased almost 10 times with revenues increasing by 134 per cent. At the same time, the sector's commission income grew by 7.6 per cent. Total operating revenues of the sector increased by 38 per cent yoy. Banks' operating expenses increased by 24 per cent, which resulted from higher general administrative expenses and higher staff costs. According to the KNF data, at the end of December 2022 banking sector assets amounted to PLN 2.741 billion, an increase by 6.6 per cent yoy.

According to the KNF data, the cumulative net profit of the banking sector totalled PLN 21.2 billion at the end of September 2023. The profits of banks rose by PLN 16.7 billion year on year (283.5%). The key factor behind profit growth was net interest income which grew by PLN 17.1 billion year on year (32.6%) with interest revenue rising by PLN 45 billion year on year and interest costs by PLN 27.1 billion year on year. As regards the costs, crucial role was played by cost of risk (which translated to reserves rising by PLN 4.3 billion year on year).

Balance sheet total of banks rose by 8.4% year on year in September with assets worth PLN 3.0 trillion. Total deposits grew by 6.5% year on year. The asset growth was fuelled primarily by debt securities which increased by PLN 154.0 billion year on year (42.2%).

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 privatized between 1993 and 2001. Since 1991, Polish banking law has allowed the licensing of new private banks in Poland and opened the Polish banking market to foreign investors. As a result, there has been a rapid expansion in the number of banks owing to foreign banking groups entering the market.

According to the KNF, as at 30 September 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 30 September 2023, the share of the top five banks in total banking assets stood at 59.1 per cent (compared with 57.5 per cent as at the end of December 2022). As at the date of this Base Prospectus, the top eight banks (in terms of the total assets) are: (i) Powszechna Kasa Oszczędności Bank Polski S.A., (ii) the Bank, (iii) Santander Bank Polska S.A., (iv) ING Bank Śląski S.A., (v) mBank S.A., (vi) BNP Paribas Bank Polska S.A., (vii) Bank Millennium S.A. and (viii) Alior Bank S.A.

Among 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.; 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. On 3 January 2021, Idea Bank was taken over by the Bank following the application of a resolution tool by the BGF. In April 2021, Citigroup announced its intention to sell its retail banking operations in Poland. In September 2022, the BGF applied a resolution tool to Getin Noble Bank S.A., whose business was transferred to a bridge institution owned by the BGF and IPS. This bridge institution was named Velo Bank, and on 30 June 2023, the BGF announced that it had initiated a process aimed at finding a buyer for Velo Bank.

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 pressures on the revenue side, including low interest rates and regulatory measures, and additional burdens, including Polish banking tax and 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, including the takeover of the Bank by PZU and PFR, in 2017 the share of foreign ownership in banking assets in the country declined markedly. According to the KNF, as at 31 July 2023, 16 commercial banks operating in Poland were owned by foreign banking groups.

The importance of alternative distribution channels, in particular internet banking and mobile banking, have been increasing in Poland. 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

Banking activities require compliance with multiple regulatory obligations, most of which follow from the provisions of the Banking Law and resolutions, ordinances and recommendations of 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 organizational resources which ensure the protection of personal data against unauthorized processing, including the making of personal data available to third parties.

The Bank must also comply with regulations aimed at preventing the financial system from being used for 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 and impose administrative penalties).

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, which supervises market competition and consumers' collective rights;
- the Head of the Data Protection Office, which supervises collection, processing, management and protection of personal data; and
- the minister responsible for financial institutions and the General Inspector for Financial Information who ensure 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 quarterly 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 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 BGF Act, 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.

CBPS

On 9 June 2022, the KNF approved an agreement and recognized a voluntary 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., Powszechna Kasa Oszczędności Bank Polski 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, System Ochrony Banków Komercyjnych S.A. – the CBPS. The CBPS can be joined by other local banks provided they satisfy the terms and conditions set out in applicable legislation and the protection scheme agreement.

As part of the CBPS, an assistance 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 CBPS. The assistance 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 Article 146b paragraph 1 of the Banking Law. On 30 September 2022, the BGF initiated a resolution of Getin Noble Bank S.A. The activities and main assets and liabilities of Getin Noble Bank S.A. were transferred to a bridge bank created by the BGF, in which CBPS acquired 49 per cent of share capital.

Consumer Protection

The Consumer Credit Act dated 12 May 2011, the Mortgage Credit and Supervision of Mortgage Credit Intermediaries and Agents Act dated 23 March 2017, the Polish 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. The borrower (consumer) is authorized under the law to prepay the loan or mortgage with interest accrued until the prepayment date. If a customer loan agreement does not meet certain requirements of the Consumer Credit Act the borrower may be authorized 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 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 organizational means that ensure the protection of personal data, particularly from disclosure to any unauthorized 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 managing and processing personal data. This means a significant change for companies in their approach to the security of data storage and the issue of making personal data available to the relevant employees.

The key consequences resulting from the GDPR's implementation include:

- the extension of the personal data definition, including persons to whom the data relates;
- automated processing of personal data subject to certain conditions;
- a considerable increase of the legal rights of individuals;
- new obligations of personal data processors, controllers and data protection officers relating to the technical and organizational protection of personal data; and
- administrative fines for non-compliance with the Regulation of up to EUR 20 million or 4 per cent of an organization's annual worldwide turnover and judicial redress of individuals allowing to claim compensation in excess of the statutory fines.

TAXATION

Potential investors and sellers of the Notes should be aware that they may be required to pay stamp duty or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In addition, payments of interest on the Notes, or income derived from the Notes, may be subject to taxation, including withholding taxes, in the jurisdiction of the Issuer, in the jurisdiction of the holder of the Notes, or in other jurisdictions in which the holder of the Notes is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Notes.

FATCA

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 pass thru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Poland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign pass thru payments are published in the U.S. Federal Register and the Notes characterized as debt (or which are not otherwise characterized 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 pass thru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional the Notes (as described under “*Terms and Conditions of the Notes – Further Issues*”) that are not distinguishable from previously issued the Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all the 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 the 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.

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 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 the Notes are advised to consult their professional tax adviser regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of the Notes.

The reference to “interest” as well as to any other terms in the paragraphs below means “interest” or any other term equivalent to interest as understood in Polish tax law.

For the purpose of this Section:

“**Affiliated Entities**” means:

- (i) entities in which one entity Exercises a Significant Influence on at least one other entity; or
- (ii) entities in 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 over at least one entity; or
- (iii) a partnership without legal personality 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) general partnerships mentioned in Article 5a.28.e of the PIT Act / Article 1.3.1a of the CIT Act 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 capital 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) the shares in the capital; or
 - (B) the voting rights in the supervisory, decision-making or managing bodies; or
 - (C) the shares in or rights to participate in profits, losses or property or expectancy thereof, 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 organizational 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

Personal income tax (PIT)

Under Article 3.1 of the PIT Act, natural persons, if residing in the Republic of Poland, are liable for tax on their global income (revenue) irrespective of the location of the sources of revenue (unlimited obligation to pay tax).

Under Article 3.1a of the PIT Act, a Polish tax resident individual is a natural person who (i) has his/her 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 (Article 4a of the PIT Act).

(a) Withholding Tax on Interest Income

According to Article 30a.7 of the PIT Act, interest income, including discount, derived by a Polish tax resident individual does not cumulate with general income subject to the progressive tax rate but under Article 30a.1.2 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 due on such interest. 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 his/her 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 (seated in Poland or conducting business activities in Poland through a permanent establishment) for the individuals, acting as tax remitters, should withhold tax on 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 permanent establishment and it is to that establishment’s operations that the securities account is linked. Consequently, a foreign entity that does not operate through a permanent establishment in Poland, e.g., a foreign investment firm not acting through a Polish permanent establishment, should not in general be obliged to withhold the tax.

There are no regulations defining in which cases income earned (revenue) by a Polish tax resident should be considered income (revenue) earned in Poland. However, it cannot be excluded that in practice the tax authorities will apply the regulations concerning non-residents. Pursuant to Article 3.2b of the PIT Act, income (revenues) earned in the Republic of Poland by non-residents shall include in particular income (revenues) from 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.

The above is not exhaustive and other types of income (revenues) may also be considered as sourced in Poland.

In the case at hand Article 3.2b.6 of the PIT Act may in particular be notable, as it states that income (revenue) from 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 is treated as sourced in Poland.

Given the above, each situation should be analysed individually 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 is required to withhold the tax. Since the Issuer is a Polish entity as a rule interest from the Notes should be considered as earned in the territory of Poland.

Under Article 45.3b of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself, and – according to Article 45.1 of the PIT Act – 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 permanent establishment and it is to that establishment's operations that the securities account is linked. As such, a foreign entity that does not operate through a permanent establishment in Poland, e.g., a foreign investment firm not acting through a Polish permanent establishment, should not in general be obliged to withhold the tax.

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 Article 45.3c of the PIT Act, taxpayers, who are Polish residents, 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.

(b) Other income

Income other 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. In particular, it could qualify as category referred to in Article 17.1.6 of the PIT Act, i.e. revenues from the disposal for consideration of shares, shares in a cooperative and securities as well as revenue from the exercising of rights attached to securities referred to in separate regulations. Such income does not cumulate with the general income subject to the progressive tax scale but, according to Article 30b of the PIT Act is subject to a 19 per cent flat-rate tax. The costs of acquiring the financial instruments are recognized at the time the revenue is achieved (Article 23.38 and 23.38a of the PIT Act). If the price expressed in the contract without a valid reason significantly deviates from the market value, the amount of income is determined by the tax authority or fiscal control authority in the amount of the market value (Article 19.1 of the PIT Act).

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 a 4 per cent solidarity levy calculated on the surplus of various incomes above PLN 1 million in total (Article 30h of the PIT Act). 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 the Notes against consideration, should be taxed in the same way as other business income. The tax, at 19 per cent flat rate or the 12 per cent to 32 per cent 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 a 4 per cent solidarity levy calculated on the surplus of various incomes above PLN 1 million in total. The levy must be calculated and settled by the individuals themselves.

Taxation of a Polish tax resident corporate income taxpayer

Corporate income tax

Under Article 3.1 of the CIT Act the entire income of taxpayers who have their registered office or effective place of management in Poland is subject to tax obligation in Poland, irrespective of where the income is earned.

According to Article 3.1a of the CIT Act, a taxpayer has a place of effective 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 granted; or
- (iii) Affiliations.

The appropriate tax rate for corporate income taxpayers is, as a rule, 19 per cent.

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 recognized 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 recognized 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 Article 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. Pursuant to Article 26.2b of the CIT Act, in the case and to the extent determined in paragraph 2a, tax shall be collected by entities operating collective accounts through which the payment is made; tax is collected on the day a given payment is made available to the holder of a collective account. 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. The above should in principle not apply, if Article 26.1aa of the CIT Act (referred to below) will be applicable.

Any withholding tax incurred outside Poland (including countries which have not concluded any tax treaty with Poland), can be deducted from the Polish tax liability, but only up to an amount equal to the part of the tax calculated before deduction that is proportionately associated with the income earned in a foreign state. Double tax treaties can provide other methods of withholding tax settlements.

Notes held by a non-Polish tax resident (natural person or corporation)

Personal income tax and corporate income tax

Under Article 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 Article 3.2 of the CIT Act, in the case of taxpayers who do not have their registered office or effective place of management in Poland, only the income they earn in Poland is subject to tax obligation in Poland.

Non-Polish tax residents are subject to Polish income tax only with respect to their income earned in Poland. Under Article 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 permanent 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, all 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 organizational 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) unrealized gains referred to in the exit tax regulations.

Similar provisions are included in Article 3.2b of the PIT Act.

It should be noted that the list of incomes (revenues) gained in Poland, as provided in Article 3.3. of the CIT Act and Article 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 individually 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. When verifying the conditions for the application of a tax rate other than the default 20 per cent / 19 per cent or for an exemption, or conditions for the non-collection of a tax, arising from special provisions or tax treaties, a tax remitter shall be obliged to exercise appropriate due diligence. The nature and the scale of the tax remitter's activity and affiliations between the tax remitter and taxable person shall be taken into account when performing the said due diligence.

If income from the Notes is considered as sourced in Poland, the following applies:

- (a) Domestic exemption for notes meeting special conditions

Under Article 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:

- (i) having a maturity of at least one year;
- (ii) admitted to trading on a regulated market or introduced into an alternative trading system within the meaning of the Act of 29 July 2005 on Trading in Financial Instruments, in the territory of Poland or in the territory of a state that is a party to a double tax convention concluded with Poland which regulates the taxation of income from dividends, interest and royalties;

unless the taxpayer is an Affiliated Entity of the issuer of such notes, and holds, directly or indirectly, together with other Affiliated Entities, more than 10 per cent of the nominal value of those notes.

Under Article 26.1aa of the CIT Act, remitters are not obliged to withhold tax on interest or discount in respect of the notes meeting the requirements indicated in point (i) and (ii) above (excluding the Affiliated Entity reservation). Non-withholding of tax on the basis of Article 26.1aa of the CIT Act does not automatically mean the exemption provided under Article 17.1.50c of the CIT Act applies.

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

Notably, the scope of non-collection of withholding tax referred to in Article 26.1aa of the CIT Act (and Article 41.24 of the PIT Act respectively) is set to change from 1 January 2024. In accordance with the new regulations, in order not to collect the tax, the Issuer will have to comply with new obligations (new regulations will apply to issues undertaken prior to 1 January 2024), including the obligation to file a statement with the tax authorities on acting with due diligence in informing entities related to the Issuer of the conditions for applying the exemption from income tax to that entities. To that extent, regulations regarding tax remitter liability are also set to change. Please note that the regulations may be further amended after the date of this Base Prospectus.

- (b) Failure to meet the conditions for a special exemption

In the absence of the exemption referred to above, the following rules apply.

In the case of taxpayers subject to limited tax liability in Poland, the interest (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 tax payers (Article 21.1.1 of the CIT Act) or 19 per cent in the case of natural persons (Article 30a.1.2 of the PIT Act). Under Article 26.1 of the CIT Act, interest payers, other than individuals not acting within the scope of their business activity, should withhold this tax and similar provisions are provided in Article 41.4 of the PIT Act.

Under Article 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. 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 Article 41.4d 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 (Article 21.2 of the CIT Act, Article 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 as the tax remitters are obliged (on the basis of Article 26.1 of the CIT Act) to verify with due care whether all conditions of applying withholding tax relief (i.e., application of other than the default statutory rate or exemption / non-collection of the tax) were met.

Moreover, many tax treaties provide protection only for beneficial owners. Pursuant to Article 4a.29 of the CIT Act (respectively Article 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 allocation, and bears the economic risk associated with the loss of that amount or part of it;
- (ii) it is not an intermediary, representative, trustee, or another entity obliged to transfer the receivable in whole or in part to another entity; and
- (iii) it conducts real business activity in the country of its residence, if the receivable is obtained in connection with the conducted business activity, whereas when assessing whether the entity conducts real business activity, the nature and scale of such activity in the scope of received receivable are taken into account.

Although the definition of the beneficial owner does not refer to Article 24a.18 of the CIT Act and Article 30f. 20 of the PIT Act, those are the only places in the Polish income tax legislation where real business activity is defined. Therefore, it cannot be ruled out that factors listed there will be taken into account by the tax authorities in determining beneficial ownership status. Those factors include:

- (i) the business activity carried out by the taxpayer is performed through an existing enterprise that performs actual activities constituting business activity; in particular, it possesses premises, qualified personnel and equipment used for performing business activity;
- (ii) the taxpayer does not create a structure operating in insolation for economic reasons;
- (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 in line with economic reality, have economic justification and they are not noticeably contrary to the general business interest of the taxpayer;
- (v) the taxpayer performs its business functions by itself, using its own resources, including managing persons who are present at the taxpayer's premises.

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. However, attention should be paid to the correct classification of revenue under particular tax treaties, as different taxation rules may apply to, e.g. dividend-type income, interest and capital gains.

Notably, the obligation to withhold tax arises at payment, which is understood as the execution of a liability in any form, including by payment, deduction or capitalisation of interest, pursuant to Article 26.7 of the CIT Act.

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 Article 26.2a of the CIT Act (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 20 per cent (19 per cent for natural persons) 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, unless Article 26.1aa of the CIT Act cited above (Article 41.24 of the PIT Act) applies.

Legal persons, organisational units without legal personality, and natural persons who are entrepreneurs, if they make payments from titles referred to in Article 21.1 of the CIT Act to Polish non-resident taxpayers operating via a permanent establishment located in the territory of Poland, do not collect flat-rate tax on the payments made on condition that the location of the registered office of a Polish non-resident taxpayers operating via a permanent establishment located in the territory of Poland is documented by a tax residency certificate provided by the taxpayer and that a statement made in writing is obtained to the effect that those payments are associated with the operation of that establishment (Article 26.1d of the CIT Act).

(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 Article 26.2e of the CIT Act, if the total amount paid out between Affiliated Entities on account of the items listed in Article 21.1.1 of the CIT Act (including interest on notes) and Article 22.1 of the CIT Act (dividend and similar types of income) to the same taxpayer exceeds PLN 2 million 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 Article 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 million 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. In the case of entities making payments through securities accounts or Omnibus Accounts, the payer's tax year refers to the tax year of that entity (and not the tax year of the entities managing such accounts).

Based on Article 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 million. 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. The determination as to whether the amount was exceeded and whether there exist links referred to in paragraph 2e shall be made by the entity keeping securities accounts or Omnibus Accounts; the entity that keeps securities accounts or Omnibus Accounts does not include the amounts due on which tax was collected in accordance with Article 26.2a, as per Article 26.2ed of the CIT Act.

As per Article 26.2ec of the CIT Act, if there was a payment of amounts due that was not recognised in amounts due mentioned in Article 21.1.1 or Article 22.1 without justified economic reasons, the provision of paragraph 2e shall apply accordingly.

Under Article 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 NBP on the last business day preceding the payment day.

Under Article 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 of PLN 2 million.

Furthermore, there are certain mechanisms that allow for non-application of the Pay & Refund regime, which require the tax remitter or the taxpayer to undertake certain actions (taxpayer or tax remitter may obtain an opinion from the tax authorities or the tax remitter may file a special statement with the tax authorities).

(ii) Personal Income Tax

Analogous provisions apply to personal income tax, including Article 41.12 of the PIT Act which provides for the Pay & Refund regime (including the regulations relevant to the Omnibus Accounts referred to in Article 41.4da and Article 41.12d of the PIT Act).

(d) Withholding taxation of certain payments made to tax havens

Based on Article 26.1m of the CIT Act, if a tax remitter makes a payment of certain capital profits (e.g. revenues from financial instruments, including interest and capital gains) for the benefit of an entity having its registered office or effective place of management in a territory or state listed in a decree issued pursuant to Article 11j.2 of the CIT Act (i.e. list of states and territories that apply harmful tax competition), such tax remitter is obliged to withhold tax at 19 per cent rate calculated from the amount being paid out.

(e) If withholding tax is in fact withheld 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, e.g. as a result of a gross-up clause) may apply for a refund of that tax by submitting the relevant documents and declarations.

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 Article 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.

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 Article 9.9 of the PCC Act, an exemption applies to the sale (though not exchange) 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 organized trading; or
- (d) outside organized trading by investment companies and foreign investment companies, if those rights were acquired by those companies under organized trading,

within the meaning of the provisions of the Act of 29 July 2005 on Trading in Financial Instruments.

Moreover, in accordance with Article 1a.5 and 1a.7 in connection with Article 2.4 of the PCC Act, the PCC does not apply to civil law activities such as selling or exchanging 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.

Inheritance and gift tax

According to Article 1.1 read in conjunction with Article 2 of the Inheritance and Gift tax Act, the acquisition of rights, including rights related to the ownership of securities, by natural persons, inter alia, by inheritance, bequest, further bequest, testamentary order or donation is subject to inheritance and gift tax if the rights are exercised in the territory of Poland or, when the rights are exercised abroad, if at the time of the opening of the inheritance or conclusion of the gift agreement, the heir or the recipient was a Polish citizen or had a permanent residence in the territory of Poland.

In light of Article 7.1 of the Inheritance and Gift tax Act, the taxable base is the value of the acquired rights after deducting debts and encumbrances (pure value), determined according to the state of rights on the date of acquisition and market prices as of the date on which the tax obligation materialized.

Inheritance and gift tax rates vary and depend on the personal relationship between the heir and the testator or between the donor and the recipient. The tax rate increases progressively from 3% to 20% of the tax base, depending on the tax group to which the heir or recipient is classified. A tax-free amount is specified for each tax group.

If the agreement concerning the acquisition of rights is concluded in the form of a notarial deed, the tax is collected and paid by the notary. Unless the tax has been paid by the notary, the taxpayers are required to file, within one month from the date on which the tax obligation arises, a tax return on the acquisition of rights (Article 17a.1 and Article 17a.2 of the Inheritance and Gift tax Act) – in such case the taxpayer is obliged to pay the tax.

As general rule, pursuant to Article 4a.1.1 of the Inheritance and Gift tax Act, the acquisition of rights (including securities) by a spouse, descendants, ascendants, stepchildren, siblings, stepfather and stepmother is exempt from tax, if they report the acquisition of property rights to the competent head of the tax office within six months from the date on which the tax obligation materialized, and in the case of acquisition by inheritance within six months from the date on which the court decision confirming the acquisition of the inheritance became binding. The above exemption applies if, at the time of acquisition, the recipient was a Polish citizen or a citizen of an EU member states or member states of the European Free Trade Agreement (EFTA) - parties to the European Economic Area agreement, or had a place of residence in Poland or such a state (Article 4.4 of the Inheritance and Gift tax Act).

Pursuant to Article 3.1 of the Inheritance and Gift tax Act, the acquisition of rights (including securities) exercisable in Poland is not subject to this tax if, on the date of acquisition, neither the acquirer nor the testator or donor was a Polish citizen and did not have a permanent residence or seat in Poland.

Remitter's liability

Under Article 30 of the Tax Code dated 29 August 1997 (the **Tax Code**), 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.

Moreover, the remitter's liability is extended in those cases referred to in Article 41.4d and 41.10 of the PIT Act and Article 26.2c of the CIT Act if the tax was not collected due to non-compliance with reporting obligations indicated in Article 41.4da of the PIT Act and Article 26.2ca of the CIT Act, or due to a discrepancy between the information provided on the basis of the aforementioned provisions and the factual situation. According to Article 30.5b of the Tax Code, the liability for tax not collected in this scope rests with the entity that made the payment with intermediation of entities maintaining securities accounts or Omnibus Accounts.

Obligatory reporting of tax arrangements

Poland implemented Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (**DAC 6**).

Provisions on disclosing reportable tax arrangements as implemented in Poland (mandatory disclosure rules - MDR) have much broader scope in comparison to DAC 6 and cover an extensive definition as to what constitutes a reportable tax arrangement (it covers not only cross-border arrangements, but also domestic arrangements).

Disclosure obligations concern a broad catalogue of entities involved in a given arrangement referred to as intermediary, relevant taxpayer or assisting entity (within the understanding of Article 86a.1.3, 86a.1.8 and 86a.1.18 of the Tax Code).

Intermediary is understood as any natural person, legal person or organizational unit without legal personality, in particular a tax advisor, an attorney, legal counsel, an employee of a bank or other financial institution advising clients, including when that entity does not have a place of residence, registered office or management in the territory of the country, who offers, makes available or implements the arrangement or manages its implementation (Article 86a.1.8 of the Tax Code).

A relevant taxpayer means a natural person, legal person or organizational unit without legal personality to whom the arrangement is made available or for whom the arrangement is implemented, or who is prepared to implement the arrangement or performed an action related to the implementation of that arrangement (Article 86a.1.3 of the Tax Code).

Assisting entity means a natural person, a legal person or an organizational unit without legal personality, in particular a statutory auditor, a notary public, a person who provides bookkeeping services, an accountant or chief financial officer, a bank or another financial institution, and an employee thereof who, while exercising due diligence generally required in transactions made and having regard to the professional nature of its activity, the area of its specialization and the object

of its transactions, undertook to provide, directly or by means of other persons, aid, assistance or advice on the development, marketing or organization of a reportable tax arrangement or on making the arrangement available for implementation or supervising its implementation (Article 86a.1.18 of the Tax Code).

Under Polish provisions:

- domestic arrangements are as a rule reportable if: (i) they are aimed mainly or solely at obtaining a tax benefit, where a taxpayer could have reasonably chosen a different course of action which would not trigger such benefit, and have one of the “general hallmarks” (out of an extensive list of features including schemes based on unified documentation or form not requiring significant changes depending on the beneficiary, fee agreements foreseeing remunerating of the intermediary based on success, agreements including confidentiality clauses regarding mechanism of obtaining a tax benefit due to the scheme), or (ii) even if not aimed mainly or solely at obtaining a tax benefit – if they have one of the “specific” or “other specific” hallmarks (including a situation in which a remitter of income tax would have been obliged to withhold tax in excess of the amount of PLN 5 million during the calendar year, if the relevant double-taxation agreements or tax exemptions had not applied to payments of the amounts due resulting from or expected as a result of the implementation of the arrangement or income (revenue) of non-residents deriving from or expected as a result of the implementation of an arrangement, exceed in aggregate the amount of PLN 25 million during the calendar year);

In order for the domestic scheme to be reportable, a taxpayer has to be a qualified beneficiary (revenues, costs or assets of the beneficiary or of its related entity are above EUR 10 million, or scheme referring to goods or rights above EUR 2.5 million);

- cross-border arrangements (other than relating solely to VAT, excise or custom duties and not reportable separately under domestic scheme rules) are as a rule reportable if: (i) they are aimed mainly or solely at obtaining a tax benefit, where a taxpayer could have reasonably chosen a different course of actions which would not trigger such benefit, and have one of the “general hallmarks” (in general same list as in case of domestic arrangements with a few exceptions), or (ii) even if not aimed mainly or solely at obtaining a tax benefit – if they have one of the “specific” hallmarks (which includes slightly modified DAC6 Directive hallmarks, such as depreciation write-offs of the same fixed/intangible asset made in more than one country, applying methods of elimination of double taxation in more than one country to the same income/property, transfer of rights to difficult-to-value intangibles, etc).

Reporting obligation of “marketable” (repeatable) tax-planning schemes will fall principally on the intermediary and will be performed on a no-name basis so long as the intermediary is obliged to secrecy under legal professional privilege (i.e. is a tax advisor, legal counsel or attorney-at-law) and its secrecy obligation is not revoked by a taxpayer. Tailor-made schemes will be reportable by a taxpayer, unless the intermediary’s secrecy obligation under legal professional privilege is revoked (or unless the intermediary may not invoke legal professional privilege).

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 13 November 2023, 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 (nor, if Regulation S Category 2 is specified in the applicable Final Terms, 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, (a) that it will not offer, sell or deliver Notes within the United States as part of their distribution at any time and (b) if Regulation S Category 2 is specified in the applicable Final Terms, that (i) it also will not offer, sell or deliver Notes 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; and (ii) 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, 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.

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, the expression **retail investor** means a person who is one (or more) of the following:

- 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
- 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.

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:

- (i) 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;
- (ii) 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
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Poland

Unless the Base Prospectus has been approved by either the Polish competent authority for the approval of prospectuses for the public offering of securities in Poland or the admission of securities to trading on a regulated market in Poland or the relevant competent authority in the Member State, and Poland has received a certificate of such approval with a copy of the Base Prospectus as required under the 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 (the “**Act on Public Offering**”), the Notes will not be offered in Poland in a manner which will require publication of a prospectus or an information memorandum drawn up in accordance with EU Prospectus Regulation and the Act on Public Offering.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “**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 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.

Singapore

Unless the Final Terms in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time) (the “**SFA**”)) pursuant to Section 274 of the SFA or (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Final Terms in respect of any Notes specifies “Singapore Sales to Institutional Investors and Accredited Investors only” as “Not Applicable”, each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

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

Authorization

The establishment of the Programme and the issuance of Notes have been duly authorized by a resolution of the Management Board of the Issuer dated 31 October 2023 and the incurring of liabilities by the Bank in relation to particular Noteholders under the Programme has been duly authorized by a resolution of the Supervisory Board of the Issuer dated 7 November 2023. The issuance of Tier 2 Subordinated Notes under the Programme will require the adoption of the relevant changes to the Articles of Association by the Issuer's General Meeting, requiring the approval of the KNF, and registration with the relevant registry court.

Approval, 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 to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. The Regulated Market of the Luxembourg Stock Exchange 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.

Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Documents Available

For a period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection (or from the date of subsequent publication (as the case may be)) on the Issuer's website <https://www.pekao.com.pl/en/investors-relations.html>:

- (a) the Articles of Association (with an English translation thereof) of the Issuer;
- (b) the Agency Agreement;
- (c) any future base prospectuses, 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, the applicable Final Terms 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.pekao.com.pl/en/investors-relations.html>. 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, ISIN, FISN and CFI code for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to be cleared 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 S.A., 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

There has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2022 and there has been no significant change in the financial performance or financial position of the Issuer or the Group since 30 September 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 Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group, save for the proceedings described in this Base Prospectus, especially in section "*Description of the Group – Litigation*" and a corresponding risk factor in section "*Risk Factors – Risks relating to the Group's financial situation – Litigation, administrative or other proceedings or actions may adversely affect the Group's business, financial condition and results of operations*".

Auditors

KPMG Audyt spółka z ograniczoną odpowiedzialnością 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 3546, has audited the consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2022 and the consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2021 and issued unmodified auditor's reports from the audits thereof. On behalf of KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k., the consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2022 and the consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2021 were audited by Marcin Podsiadły (certified auditor, license no. 12774). KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k. did not audit or review and does not express an opinion on the Q3 2023 Consolidated Financial Statements.

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. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Dealers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including, potentially, the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of the Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Validity of the Base Prospectus

For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

ISSUER

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To the Issuer

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