BASE PROSPECTUS

BANK MILLENNIUM SPÓŁKA AKCYJNA

€3,000,000,000
Euro Medium Term Note Programme
(incorporated as a joint stock company in the Republic of Poland)

Under this €3,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Bank Millennium S.A. (the "**Issuer**" or the "**Bank**", and together with its consolidated subsidiaries, the "**Group**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €3,000,000,000 (or its equivalent in other currencies), subject to any increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" below 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 for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

This document constitutes a base prospectus (the "**Base Prospectus**") for the purposes of Article 8(1) of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority under the Prospectus Regulation, as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the Notes issued under the Programme during the period of twelve months after the date hereof. The CSSF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in such Notes. 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 (the "**Notification**"). The Issuer may request the CSSF to provide the Notification to other competent authorities in any Member State (each a "**Member State**") of the European Economic Area (the "**EEA**").

Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the official list of the Luxembourg Stock Exchange (the "**Official List**") and to trading on the regulated market 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 (in Polish: *Giełda Papierów Wartościowych w Warszawie S.A.*, the "**WSE**"). Each of the regulated market of the Luxembourg Stock Exchange and the WSE is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "**EU MiFID II**"). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer.

This Base Prospectus (as supplemented from time to time) is valid for use for a period of up to 12 months after its approval and shall expire on 25 August 2024, at the latest. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE "**SECURITIES ACT**") OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION (SEE "SUBSCRIPTION AND SALE").

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 herein) of Notes will be set out in a final terms document (the "**Final Terms**") which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Official List of 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 listed on the regulated market of the WSE will also be published on the website of the WSE (www.gpw.pl).

The applicable Final Terms for each Tranche of Notes will state whether the Notes of such Tranche are to be: (i) Senior Notes; or (ii) Subordinated Notes and, if Senior Notes, whether such notes are: (a) Ordinary Senior Notes; or (b) Senior Non-Preferred Notes and, if Subordinated Notes, whether such Notes are: (a) Senior Subordinated Notes; or (b) Tier 2 Subordinated Notes.

The Issuer has been rated BB by Fitch Ratings Ireland Limited ("**Fitch**") and Baa3 by Moody's Deutschland GmbH ("**Moody's**") respectively. Fitch and Moody's are established in the EEA and registered under Regulation (EU) No 1060/2009 (as amended), on credit rating agencies (the "**EU CRA Regulation**"). As such, Fitch and Moody's are included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the EU CRA Regulation. The ratings Fitch and Moody's have given to the Issuer and the Notes to be issued under the Programme are endorsed by Fitch Ratings Limited and by Moody's Investors Service Limited respectively and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom (the "**UK**") by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"), (the "**UK CRA Regulation**") and appear on the list of credit rating agencies registered or certified with the UK Financial Conduct Authority (the "**FCA**") published on its website published on its website https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras.

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

An investment in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "*Risk Factors*" below.

Arranger

UniCredit

Dealers

BNP Paribas **Erste Group** **Millennium BCP**

Morgan Stanley **UniCredit**

The date of this Base Prospectus is 25 August 2023.

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IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of the Prospectus Regulation. When used in this Base Prospectus, "**Prospectus Regulation**" means Regulation (EU) 2017/1129 and "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

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 the Base Prospectus makes no omission likely to affect its import.

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 deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*" below) and, in relation to any Tranche of Notes, must be read and construed together with the applicable Final Terms. This Base Prospectus shall be read and construed on the basis that those documents are incorporated, in and form part of, this Base Prospectus. Other than in relation to such documents (or any parts thereof) which are deemed to be incorporated by reference, the information on any website to which this Base Prospectus refers does not form part of this Base Prospectus.

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 or accepts any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes.

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation or constituting an invitation or offer by or on behalf of 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 the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to its 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 lifetime of the Programme or to advise any investor in the Notes issued under the Programme of any information coming to their attention.

As a result of the implementation of the Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time (the "**BRRD**") into Polish law or the law of any other relevant jurisdiction, Noteholders may be subject to write-down or conversion into instruments eligible for the Issuer's own funds on any application of the general bail-in tool and non-viability loss absorption, which may result in such Noteholders losing some or all of their investment.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than the price that 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 - PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes issued under the Programme are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU 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 EU MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes issued under the Programme 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 UK domestic law by virtue of the EUWA or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement 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 UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation Consequently, no key information document required by the EU PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRODUCT GOVERNANCE UNDER EU MIFID II

The Final Terms in respect of any Notes may include a legend entitled "*EU MIFID II Product Governance*", which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to EU 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 EU MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

PRODUCT GOVERNANCE UNDER UK MIFIR

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 distributor subsequently offering, selling or recommending the Notes should take into consideration the target market assessment; however, a UK distributor subject to the UK Financial Conduct Authority (the "**FCA**") Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

EU BENCHMARKS REGULATION

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

SINGAPORE: SECTION 309B(1)(C) NOTIFICATION

In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has, unless otherwise specified before an offer of Notes, determined the classification of all Notes to be issued under the Programme as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

REFERENCES TO LEGISLATION

Any reference in this Base Prospectus to any legislation (whether primary legislation or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended, superseded or re-enacted.

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 represents 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, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or the Dealers that 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, the United Kingdom and Singapore (see "*Subscription and Sale*" below).

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:

(a) 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;

(b) 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;

(c) 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;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets and of any financial variable that might have a negative impact on the return on the Notes;

(e) 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; and

(f) understands the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the Notes.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal 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, the Arranger or any of the 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.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Group has been derived from the audited consolidated financial statements of the Group for the financial years ended 31 December 2021 and 2022 and the unaudited condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2023.

The Group's financial year ends on 31 December and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Group's annual financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU. The Group's interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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 thereto in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus.

In this Base Prospectus, all references to:

(a) "**USD**" and "**U.S. dollars**" refer to United States dollars;

(b) "**Swiss Franc**" and "**CHF**" refer to the lawful currency of Switzerland;

(c) "**PLN**" and "**złoty**" refer to the lawful currency of Poland;

(d) "**Sterling**" and "**£**" refer to pounds sterling; and

(e) "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

On 24 August 2023, the National Bank of Poland (the "**NBP**") exchange rate between the euro and złoty was EUR 1 – PLN 4.4730, the exchange rate between U.S. dollars and złoty was USD 1 – PLN 4.1180, the exchange rate between the Swiss Franc and złoty was CHF 1 – PLN 4.6830 and the exchange rate between pounds sterling and złoty was GBP 1 – PLN 5.2291.

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.

GENERAL DESCRIPTION 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 Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a new Prospectus will be published.

Issuer:	Bank Millennium S.A.
Description:	Euro Medium Term Note Programme
LEI:	259400OFDZ9KPZEO8K78
Website:	www.bankmillennium.pl
Programme:	The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency as may be agreed between the Issuer and the relevant Dealer. The aggregate nominal amount, any interest rate or interest calculation, the issue price and any other terms and conditions contained herein with respect to each Series of Notes will be determined at the time of issuance and set forth in the applicable Final Terms.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its respective 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. The risk factors identified by the Issuer are set out under the section Risk Factors.
Arranger:	UniCredit Bank AG
Dealers:	BNP Paribas Erste Group Bank AG Millennium BCP Morgan Stanley Europe SE UniCredit Bank AG 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 "*Subscription and Sale*"), including the following restrictions applicable at the date of this Base Prospectus. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see "*Subscription and Sale*").

Issuing and Principal Paying Agent:	Citibank N.A., London Branch
Luxembourg Listing Agent:	Banque Internationale à Luxembourg SA
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Notes may be denominated in any currency or currencies agreed between the Issuer and the Dealers, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Status of the Notes:	Notes may be either Senior Notes (in which case they will be Ordinary Senior Notes or Senior Non-Preferred Notes) or Subordinated Notes (in which case they will be Senior Subordinated Notes or Tier 2 Subordinated Notes) as more fully described in Condition 2 (*Status of the Notes*).
Programme Size:	Up to €3,000,000,000 (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.
Maturities:	A maturity of at least one year or 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.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will also be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Issue Price:	Notes will 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 the Notes:	The Notes will be issued in bearer form as described in "*Form of the Notes*".
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, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Reset Notes:	Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the applicable Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms by reference to the aggregate of a mid-market swap rate or government security for the relevant Specified Currency, and for a period equal to the reset period, and any applicable margin, in each case as may be specified in the applicable Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the applicable Final Terms or determined pursuant to the Conditions of the Notes.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined:

- 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: (i) unless "ISDA 2021 Definitions" are specified as being applicable in the relevant Final Terms, the 2006 ISDA Definitions (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") or (ii) if "ISDA 2021 Definitions" are specified as being applicable in the relevant Final Terms, the latest version of ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), each as published by ISDA (or any successor) on its website (http://www.isda.org), on the date of issue of the first Tranche of the Notes of such Series; or
- on the basis of the reference rate appearing on the agreed screen page of a commercial quotation service.

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.

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.

Benchmark Discontinuation: On the occurrence of a Benchmark Event or a Benchmark Transition Event, as the case may be, and if "*Benchmark Replacement*" or "*Benchmark Transition*" is expressed in the applicable Final Terms to be applicable, the Issuer will use its reasonable endeavours to appoint an Independent Adviser to determine (failing which, the Issuer may determine) (i) a Successor Rate, failing which an Alternative Rate and, in either case, the applicable Adjustment Spread, and any Benchmark Amendments or (ii) a Benchmark Replacement and any Benchmark Replacement Conforming Changes, as applicable, and as further set out in accordance with Condition 5.2 (*Interest on Floating Rate Notes*).

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

Redemption: The applicable Final Terms will indicate either that: the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons, or following an Event of Default or, in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, upon the occurrence of an MREL Disqualification Event, or, in the case of Tier 2 Subordinated Notes, upon the occurrence of a Capital Disqualification Event), or that such Notes will be redeemable at the option of the Issuer and/or 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 Noteholders.

	The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms. Any early redemption of Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes will be subject to the prior consent of the Competent Authority to the extent required, in accordance with Applicable Banking Regulations. *Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "Subscription and Sale – Selling Restrictions – United Kingdom".*
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 €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
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 for Notes issued under the Programme 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. Applications may also be made for Notes issued under the Programme to be listed on the WSE. Notes may be listed or admitted to trading, as the case may be, on other or additional stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system. 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.
Events of Default:	The terms of the Ordinary Senior Notes contain events of default, as further described in Condition 10.1 (*Events of Default relating to Ordinary Senior Notes*). The terms of the Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes contain limited events of default, as further described in Condition 10.3 (*Events of Default relating to Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes and Tier 2 Subordinated Notes*).
Cross-Acceleration:	The terms of the Ordinary Senior Notes will contain a cross acceleration provision as described in Condition 10.1 (*Events of Default relating to Ordinary Senior Notes*).

Negative Pledge:	The terms of the Ordinary Senior Notes will contain a negative pledge provision as described in Condition 3.1 (*Negative Pledge*).
Taxation:	All amounts payable in respect of the Notes will be made without withholding or deduction for or on account of any taxes imposed by any Tax Jurisdiction as provided in Condition 8 (*Taxation*). In the event that any such withholding or deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so withheld or deducted.
Governing law:	The Notes and any non-contractual obligations arising out of in connection with the Notes will be governed by English law, except that Condition 2 (*Status of the Notes*) and Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*) which shall be governed by, and construed in accordance with, Polish law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, France, Italy, Singapore and the United Kingdom and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
Bail-in:	By its acquisition of the Notes, each Noteholder shall acknowledge and accept that the Notes may be subject to the exercise of the Bail-in and Loss Absorption Powers by the Competent Authority, as further described in Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*).
United States Selling Restrictions:	Regulation S, Category 2. TEFRA D/TEFRA C/TEFRA not applicable, as specified in the applicable Final Terms.
Regulatory Matters:	Each issue of Notes 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 "*Subscription and Sale*").
Rating:	The Issuer has been rated BB by Fitch (Issuer Long-Term Default Rating) and Baa3 by Moody's (Foreign Long-Term Bank Deposits) respectively. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

Use of Proceeds:	The net proceeds from each issue of Notes will be applied by the Issuer for: (i) its general corporate purposes, which include making a profit; or (ii) any other purpose stated in the applicable Final Terms.

RISK FACTORS

In purchasing the Notes, investors assume of risk the Bank becoming insolvent or otherwise being unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Bank becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur as the Bank 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 businesses and ability to make payments due under the Notes.

Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Issuer's business, financial condition, results of operations and prospects. The Issuer may face a number of these risks described below simultaneously and some risks described below may be interdependent. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section. Prospective investors should also read the information set out elsewhere in this Base Prospectus, including the documents incorporated by reference and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they deem necessary, prior to making any investment decision.

RISKS RELATED TO THE ISSUER AND ITS GROUP

Risks relating to the Bank's business activity and industry

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

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

The economic situation in Poland depends on a number of factors, including measures by which the Polish government attempts to influence the economy, such as setting levels of taxation, expenditures or other regulations. The economic situation in Poland is also influenced by the decisions of the relevant regulatory bodies setting the reference rates and other regulatory ratios concerning the financial sector as well as economic decisions made by the authorities of other countries which are Poland's key trade partners or the pace and scale of inflow of funds from the European Union. These factors might affect the economic growth in Poland, the situation of the labour market and the financial results of the corporate sector.

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

On 24 February 2022, Russia invaded Ukraine and launched a full scale military attack against Ukraine. As of the date of this Base Prospectus, Russia is occupying several regions in Ukraine and military operations are conducted in the territory of Ukraine. It is not possible to predict when the war will finish and what will be the result of the war. The war caused increased market volatility and has had and continues to have a negative effect on the Polish economy. In particular, disruptions to the supply of commodities and fuel led to a significant increase in inflation which in March 2023 reached 18.4 per cent. year-on-year, the highest level in Poland since 1996. High inflation and economic uncertainty have led to a decrease in consumer consumption and demand for loans. The construction sector in Poland is also experiencing a slowdown and the level of investments has also decreased. Although the inflation has decreased to 10.8 per cent. in July 2023, it is still much higher than the inflation target set by the NBP, which is 2.5 per cent. and it is not possible to estimate if and when the inflation will decrease to the target level.

The Group's business, as well as the successful implementation of its strategy, is highly dependent on the financial situation of its customers and their ability to repay existing loans, make deposits and acquire new financial products offered by the Group. The financial situation of Polish households, including the Group's customers, is highly correlated with the unemployment rate. An increase in the unemployment rate in Poland could cause an increase in the Group's expected credit losses or hinder the growth of the Group's loans and advance portfolio. High inflation may also have a negative impact on the creditworthiness of households and lead to a decrease of their disposable income.

A continued economic slowdown in Poland or other factors negatively affecting the situation of individual customers or companies may result in implementation of governmental measures to support these customer groups. These measures may include suspensions of loan repayments, cancellations of loan repayments or caps on charged interest and, as a consequence, may have a material adverse effect on the financial condition of the Group.

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

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

Financial difficulties faced by certain financial institutions may negatively affect the Group.

In March 2023, U.S. authorities seized control of and closed Silicon Valley Bank ("**SVB**"), which had faced losses related to its large exposure to long-term debt, triggering a run on its deposits. In order to boost confidence in the banking sector and to prevent contagion effects, a full guarantee on SVB customer deposits was announced and a new emergency liquidity facility for the banking sector was created. Nevertheless, with the rapid and strong increase in interest rates in the US in 2022-23, financial institutions heavily exposed to long-term debt – particularly mid-sized US regional banks – could be seen as vulnerable to potential losses in their balance sheets. This could support a fall in the deposits of these institutions, forcing asset sales (including debt sales), with losses. Although European and Polish banks were not directly exposed to the issues that led to the SVB closure, the fall in investor confidence and adverse economic impacts in the US have led to contagion effects at the global level, as evidenced by the ensuing events concerning other financial institutions, including Credit Suisse and Signature Bank. Further adverse economic and market conditions could pose various challenges and exert downward pressure on asset prices and on credit availability, increase funding costs, and impact credit recovery rates and the credit quality of the Group's businesses, customers and counterparties, including issuers of sovereign securities purchased by the Group for its own account and held by the Group as collateral.

Significant factors affecting the operations of the Bank and the Group include macroeconomic conditions and the situation on international financial markets, which have direct and indirect impact on the financial position of the Bank and the Group. Possible disturbances in the economy or on international financial markets, which may have different sources, including situations involving events such as terrorist attacks, acts of war or hostile actions, catastrophes, states of epidemic and other similar events of an unpredictable nature could potentially lead to negative consequences for the Bank, such as reduced ability to obtain financing, increased funding costs or difficulty in accessing capital markets. Possible problems on the market and economic downturn may adversely affect the Bank's operations, including: (i) the level of significant parameters, such as market interest rates or exchange rates, (ii) demand for products and services offered by the Bank and the Group, (iii) the situation of borrowers, which would lead to the deterioration of the quality of the loan portfolio and an increase in the cost of risk), (iv) valuation of financial assets constituting individual assets. Such events may be a source of economic or political uncertainty and have a negative impact on the economic situation and the activities of the Bank and the Group. Such events may also have a negative impact on the Group's financial standing.

The Group faces increasing competition in Poland's banking industry.

The Group primarily faces competition in its universal banking activities, where its competitors include large Polish and international banks operating in Poland's retail, corporate and investment banking markets.

High levels of competition in the banking industry could also lead to increased pricing pressures on the Group's products and services, which would have a material adverse effect on the business, financial condition and results of the Group's operations. Such competition also extends to the fight for qualified staff in important areas such as IT, digital, risk management and business intelligence.

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

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

Moreover, new entrants, such as fintech companies providing online financial services, are also increasingly competing for customers and market share. The developing relationships between fintech companies and traditional banks are a noticeable trend and may have a significant impact on the existing market structure for banking services. New entrants to the financial services market could seek to offer those financial services that are traditionally provided by banks.

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

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

Risks relating to the Group's financial situation

The Group may fail in implementing its strategy.

In December 2021, the Group introduced the strategy for 2022-2024 called "Millennium 2024 Inspired by People". In the strategy the Group defined its financial targets and six pillars that correspond to the key components of its business model. The six pillars of the new strategy are as follows:

- top quality and extended offering for individual clients;
- bank of first choice for new microbusinesses;
- strategic partner supporting corporate development;
- innovative solutions and a high-level customer experience in digital channels (mobile-first approach);
- sustainable organisation on the path to climate neutrality; and
- great place to work for our people and for top talent.

The Group may fail to implement its strategy in the coming years due to unfavourable market conditions stemming from potential legal and regulatory impediments, an increase in competition from other banks or simply due to unexpected changes in customer behaviour. In addition, some internal factors may cause the Group to fail to attain its strategic objectives, including capital shortages, delays and difficulties in launching new products and solutions in digital banking, shortages in the labour market, delays in implementing solutions to enhance customer service quality, or difficulties in developing the retail or corporate segments. The occurrence of such factors may have a material adverse effect on the business, financial condition and results of the Group's operations.

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

In the 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 at that time due to, among other things, low interest rates when compared with PLN interest rates. Due to the rapid appreciation of CHF, the outstanding PLN equivalent of principal amounts of CHF Mortgage Loans increased significantly. For this reason, many CHF Mortgage Loan borrowers have decided to bring an action for annulment of their CHF Mortgage Loan agreements or some of their provisions. The Bank has a significant portfolio of outstanding CHF Mortgage Loans, for a description of this portfolio, disputes concerning this portfolio and certain related legal developments in Poland see: "*Description of the Group - Court claims, current provisions related to foreign currency mortgage loans and events that may impact foreign currency mortgage legal risk and related provision*".

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

In accordance with the above judgment of the CJEU, national courts should assess whether clauses relating to a mechanism for indexing loans to foreign currencies or at an interest rate directly linked to the interbank rate of the currency concerned are abusive and the existence of the grounds for annulment of a credit agreement containing such mechanisms on a case-by-case basis.

In the case C-520-21, the CJEU was asked for a preliminary ruling concerning the right of a bank which granted a loan to a consumer to receive compensation for the use of funds made available to the borrower, if the loan agreement was declared invalid. On 15 June 2023, the CJEU issued the verdict in this case, in which it indicated that the Unfair Terms in Consumer Contracts Directive 93/13 ("**UTCC**") does not expressly regulate the consequences of invalidity of a contract concluded between a credit institution and a consumer after the removal of unfair terms contained therein. The CJEU stated that the provisions of the UTCC do not preclude a judicial interpretation under national law to the effect that the consumer has the right to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the performance of this contract and the payment of statutory default interest from the date of the request for payment provided that the objectives of the UTCC and the principle of proportionality are respected. With regard to the banks' claims, the CJEU pointed out that the provisions of the UTCC do by contrast preclude a judicial interpretation under national law that a credit institution has the right to demand compensation from the consumer that goes beyond the return of the capital paid for the performance of this contract and beyond the payment of statutory default interest from the date of the request for payment.

The CJEU judgments concerning the CHF Mortgage Loans which are favourable to borrowers, and increased publicity from law firms representing such borrowers, have led to a significant increase in claims concerning the CHF Mortgage Loans brought against the Bank. The courts' verdicts already issued are generally favourable for the borrowers. The majority of verdicts declare the loan agreements invalid. If a loan agreement is declared invalid, the borrower should return to the lender the disbursed principal amount of the loan and the lender should return to the borrower all amounts paid by the borrower, including interest and fees. The Bank is challenging the unfavourable rulings in the courts of higher instance and the Supreme Court. At the same time, the Bank is undertaking legal actions necessary to secure repayment of the disbursed principal of the loan.

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

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

The Polish Monetary Policy Council (in Polish: *Rada Polityki Pieniężnej*, the "**MPC**") which is responsible for setting the reference rates in Poland increased the main Polish reference rate to 6.75 per cent. The increase in the reference rates led to an increase of the Warsaw Interbank Offered Rate ("**WIBOR**"), a benchmark which is the basis for determining the interest rate for the majority of floating rate loans denominated in PLN, including outstanding loans granted by the Bank. There are speculations in the media that this may cause the borrowers under such loans to try to challenge the loans in courts by requesting the courts to invalidate the loan agreements in whole or only in relation to the provisions concerning the calculation of interest.

As at 30 June 2023, the Bank has received 26 lawsuits from borrowers under mortgage loans denominated in PLN. The borrowers claim that WIBOR does not properly reflect the economic environment, that it is fixed on the basis of artificial data provided by banks and not on the basis of real transactions and assert that the Bank did not provide them with sufficient information on how a floating interest rate may affect the repayments under the loans. As of the date of this Base Prospectus, there has been no final court decision resolving a dispute concerning calculation of interest under a loan with an interest rate based on WIBOR. If Polish courts in the future determine that loan agreements referencing WIBOR have legal defects, a large number of borrowers under such loans may decide to challenge them in courts. If the results of the majority of the lawsuits are unfavourable for the Bank, the Group's financial condition and, as a consequence, its capital and other regulatory ratios, may materially deteriorate.

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

In connection with its credit operations, the Group regularly writes down impaired assets and records expected credit losses in the profit and loss account of the Group. The total value of the Group's expected credit losses depends on the volume and type of borrowing activity and standards applied in the banking industry and is calculated based on the three-stage expected credit losses model, reflecting the change in the level of risk that occurs since an exposure was recognised, including losses experienced by the Group adjusted by expected forward-looking information, expectations on defaults in loan payments, the economic situation and other factors connected with the repayment of various loans. It also depends on the risk model applied by the Group, which may prove to be incorrect and result in an incorrect assessment by the Group of the risk associated with its loan portfolios. Although the Bank's Management Board uses its best efforts to establish an appropriate amount of expected credit losses on loans and advances, this determination is subject to the evaluation of credit risk and may be affected by numerous factors. The Group could be required to increase its expected credit losses on loans and advances in the future as a result of increases in non-performing assets or for other reasons. Any material increase in the expected credit losses on loans and advances, any loan losses in excess of the previously determined expected credit losses on loans and advances with respect thereto or changes in the estimate of the provision for expected losses on loans and advances could have an adverse effect on the Group's business, financial condition and results of operations.

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

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

As at 31 December 2022, debt instruments issued by the State Treasury and the NBP accounted for 80.6 per cent. of the Group's debt securities portfolio in investment and trading securities. A decrease in the price of such securities may occur as a result of several factors, in particular: (i) an increased supply of such securities by the Polish government due to an increased issue of those securities to finance the budget deficit or an increased offer of securities by investors disposing of them; or (ii) increases in domestic interest rates; or (iii) a decrease in the credit ratings for Poland's sovereign debt; or (iv) increased political risk and a negative perception of Poland by investors. Any decrease in the price of such securities could adversely affect the Group's business, financial condition and results of operations.

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

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

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

The Group has substantial assets associated with foreign exchange derivatives which include foreign exchange swaps and forwards 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. In the past, 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. These customers have subsequently sought to challenge the validity of the transactions entered into with the Bank in court proceedings. The Bank cannot exclude the possibility that further claims may be raised against the Bank in the future and this could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

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

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

Credit ratings affect the cost and other terms on 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. Rating downgrades could also significantly impair the operating business of the Bank, the refinancing costs of the Group and the Bank's eligibility to act as a counterparty to derivative transactions for some market participants.

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

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

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

Under the Regulation EU 2016/1011 (the "**EU Benchmarks Regulation**"), supervised entities other than an administrator that use a benchmark must produce and maintain robust written plans setting out the actions they would take in the event that a benchmark materially changes or ceases to be provided. Where feasible and appropriate, such plans shall nominate one or several alternative benchmarks that could be referenced to substitute for the benchmarks no longer provided, indicating why such benchmarks would be suitable alternatives. The supervised entities must, on request, provide the relevant competent authority with those plans and any updates and shall reflect them in the contractual relationship with clients.

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

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

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

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

Various factors could affect the Group's ability to maintain credit and deposit margins as well as fees and commissions at current levels. These factors include the evolving regulatory environment, court judgments (for more details please see risk factor *Claims of borrowers under foreign currency mortgage loans, denominated in CHF or indexed to CHF, may adversely affect the Group's financial performance*), increasing competition in the market, changing demand for fixed and floating interest rate loans, possible changes in monetary policy conducted by the MPC, the level of inflation, and changes in interest rates 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;
- 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
- increased competition on the market and economic recovery push credit spreads down.

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

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

In accordance with Polish law, neither the Bank nor any member of the Group is able to unilaterally change the terms of granted loans and advances to individuals, including credit margins. As at 31 December 2022, gross housing and mortgage loans to individuals (retail mortgage loans) have constituted a material part (approximately 71 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 with other financial institutions operating on the Polish market, which have credit portfolios with a larger proportion of short-term loans. This limited ability to re-price its loan portfolio may adversely affect the business, financial condition and results of the Group's operations.

The Group's inability to recover the assumed value of collateral on real estate may result in higher impairment losses and could materially adversely affect the business, financial condition and results of the Group's operations.

When granting mortgage loans, the Group assumes a certain level of prices of residential real property securing such loans. If sale prices of residential real property in Poland substantially decline for any reason, the value of the Group's security may be adversely affected and, in cases of foreclosure, the Group may not be able to recover the entire amount of the loan if the borrowers are unable to repay them. In addition, investments in real estate are characterised by low liquidity as compared with 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 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's risk management methods may prove ineffective at mitigating credit risk.

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

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

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

Operational risk accompanies all processes at banks and its consequences can often be significant. The Group is subject to the risk of incurring losses or unforeseen costs relating to inadequate or failed internal processes, human error, system failures, errors relating to the outsourcing of the performance of certain services to external service providers, and external events. Typical categories of operational loss include errors made during the execution of operations, record-keeping errors, business disruptions (caused by, for example, software or hardware failures and communication breakdowns), fraud (including related to credit cards), legal claims over transactions or operations and damage to assets. In addition, because some of the Group's business transactions are conducted via internet platforms, the Group is exposed to third-party attacks on its IT systems, which could result in financial or reputational loss. The Group utilises a number of IT systems to conduct its operations. Due to the high complexity of interactions and interdependencies among the Group's IT systems, there can be no assurance that these systems will always properly interact with one another or will always effectively ensure error-free and timely transfers of data within the IT structure of the Bank and the Group.

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

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

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

The Group faces liquidity risk.

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

The Group becomes exposed to liquidity risk when the maturities of its assets and liabilities do not match. 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 and which are mostly financed by short-term and on-demand deposits.

Maturity mismatches between the Group's assets and liabilities may have a material adverse effect on the Group's business, financial condition and results of operations if the Group is unable to obtain new deposits or find alternative sources of funding for existing and future loan and advance 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 on maturity, as would be the case with many other banks, the Bank's liquidity position may be adversely affected. Current liquidity may also be affected by unfavourable financial market conditions. If assets held by the Bank 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. Additionally, existing collateral may no longer be eligible with the NBP. Further, the required haircuts may increase which would result in a reduced ability of the Bank to raise funds through the repurchase market from the NBP.

A loss of liquidity or an inability to raise sufficient funds to finance its operations, particularly its lending operations, may have an adverse effect on the business, financial condition and results of the Group's 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 on high-level management to implement its strategy and day-to-day operations. The Group endeavours to reduce the risk of losing key employees through various measures, including in particular through management and career development measures. Despite these measures, the Group may not succeed in attracting or retaining highly qualified employees in the future. In Poland, there is strong competition for qualified personnel specialised in banking and finance, especially at middle and upper management levels. Competition of this kind may increase the Group's personnel-related costs and make it difficult to recruit and offer incentives to qualified personnel. In addition, the Group's senior management or key employees of the Group's companies may resign or file a termination notice at any time, which could harm the relationships the Group's companies have developed with their customers. The Group's companies may not be able to retain such employees, and if they do resign, the Group's companies may not be able to replace them with persons of the same ability or experience. This could have a material adverse effect on the business, financial condition, results of operations or prospects of the Group.

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

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

The Group's activities involve the use and constant development of several IT platforms dedicated to the various segments of the Group. In particular, the business model of the Bank's retail segment, which involves offering banking services through an online transactional system and mobile applications, is significantly dependent on the availability, functionality and security of the Group's IT systems and, as a result of its high reliance on online platforms, it is also particularly exposed to third-party attacks via the internet. 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.

Should some or all of these risks materialise, this may have an adverse effect on the business, financial condition and results of the Group's operations.

The Group stores and processes significant amounts of personal data and is exposed to a potential breach of personal data protection regulations.

As part of its day-to-day operations, the Group stores and processes the personal data of its customers on a large scale. The storage and processing of personal data by the Group must comply with the laws governing personal data protection. From May 2018, following the entry into force of the Regulation (EU) 2016/679 of 27 April 2016 (the "**GDPR**"), the obligations related to storage and processing of personal data have been substantially expanded. The GDPR imposes obligations and guidelines on companies in the management and processing of personal data. Administrative fines of up to EUR 20 million, or 4 per cent. of a company's annual turnover, can be imposed for non-compliance with the GDPR.

The Group implemented procedures to ensure compliance with the relevant data protection regulations by its employees and any third-party service providers and also implemented security measures to prevent cyber-theft. However, if the Group or any of its third-party service providers fail to store or transmit customer information in a secure manner, if any loss or wrongful processing of personal customer data were otherwise to occur, or if the Group fails to notify the regulator of personal data breaches, the Group could be subject to investigative and enforcement actions by the relevant regulatory authorities and could be subject to claims or complaints from the person to whom the data relates, or could face liability under data protection laws. Furthermore, any breaches of personal data protection laws may have an adverse effect on the reputation of the Group and as a consequence may have an adverse effect on the business, financial condition and results of operations of the Group.

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

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

Risks relating to the Group and its relationship with BCP and its affiliates (the "BCP Group")

BCP holds corporate control over the Bank.

As at the date of this Base Prospectus, Banco Comercial Português S.A. (the "**BCP**") holds 607,771,505 shares, representing 50.10 per cent. of the Bank's share capital, which gives BCP the right to exercise 50.10 per cent. of the total number of votes at the Bank's General Meeting.

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

If there is a conflict between the interests of BCP and the interests of the Group, this could have an adverse effect on the business, financial condition and results of the Group's operations.

The Bank's shareholders are not required to support the Bank.

The Bank is an independent entity from its principal shareholder, i.e. BCP. BCP is not obliged to provide support and finance to the Group in the future, in particular to subscribe for newly issued shares in any future equity offering or to ensure debt financing for the Group. If the Bank needs further equity injections or debt financing, or if a significant decrease in BCP's shareholding in the Bank in the future were to occur, the lack of financial support from BCP may have a negative reputational effect on the Group. A loss of control over the Bank by BCP in the future may also lead to negative consequences resulting from the agreements based on which the Group obtained debt financing, in particular the potential necessity to repay such debt financing earlier. The occurrence of any of these situations may have a material adverse effect on the Group's business, financial condition and results of operations.

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

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

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

As a result, litigation, administrative and other proceedings may adversely affect the Group's business, financial condition and results of operations. As at 31 December 2022, the value of the Group's provisions for legal claims not related to the legal risk of foreign currency mortgage loans was PLN 154.1 million and as at 30 June 2023 it was PLN 153.0 million.

Risks related to legal and regulatory environment

The Bank and the Group may be unable to satisfy its or their required minimum capital adequacy ratios or minimum requirement for eligible liabilities.

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

The adequacy assessment of the Group's capital base (including, among others, the calculation of capital ratios and the leverage ratio, own funds and the total capital requirement) is made according to a number of European and Polish regulations, including the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (as amended, the "**Capital Requirements Directive**") and Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 with further amendments on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (as amended, the "**CRR**" and, together with the Capital Requirements Directive, the "**CRD**").

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 minimum levels of mandatory capital adequacy ratios applicable to the Bank are described in *Description of the Group – Capital Management*. On the date of this Base Prospectus, the capital adequacy ratios reported by the Bank, except for the additional Pillar 2 Guidance, were above the minimum levels required by KNF on both the individual and consolidated levels. However, certain developments could affect the Group's ability to continue to satisfy the minimum capital adequacy requirements, including:

- an increase in the Group's total risk exposure amount as a result of the rapid expansion of its business or depreciation of the PLN against the foreign currencies in which a part of the Group's assets are denominated;
- deterioration of asset quality leading to a higher level of regulatory expected loss, which would cause an increased amount of capital deductions;
- the Bank's ability to raise capital;
- losses resulting from an increase in legal risk provisions and costs, 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, among others, the calculation of the regulatory risk parameters and calculation of the capital adequacy ratios of banks; and
- additional capital requirements or changes in the minimum capital requirements imposed by the Bank's regulator.

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

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

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

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

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

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

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

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

The relevant regulations of the BRRD were implemented in Poland under the Act dated 10 June 2016 on the Bank Guarantee Fund, the Deposit Guarantee Scheme and Mandatory Restructuring (the "**Act on the Bank Guarantee Fund**"). The Act on the Bank Guarantee Fund modified the legal framework of the deposit guarantee scheme in Poland operated by the Bank Guarantee Fund (in Polish: *Bankowy Fundusz Gwarancyjny*, "**BGF**") and developed a framework allowing for the orderly resolution of financial institutions. The Act on the Bank Guarantee Fund also repealed the existing restructuring and support measures under Polish law to bring the relevant provisions in line with the BRRD framework. In this respect, the Act on the Bank Guarantee Fund amended several other related legal acts, including legislation on financial instruments, insolvency, financial market supervision and recapitalisation of financial institutions. The Bank must comply with the Act on the Bank Guarantee Fund and has adjusted its operations to comply with the new requirements.

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

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

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

As a result of new recommendations from the KNF, as well as other possible changes in existing recommendations and the issuance of new recommendations affecting supervision, the Bank may become subject to more onerous and strict supervision, increased capital adequacy requirements, changes in its risk model and risk management or be required to incur additional costs, and could be subject to restrictions on certain types of transactions.

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

The Bank may be required to extend the implementation of the Recovery Plan and the Capital Protection Plan.

The Bank is currently implementing the Recovery Plan and the Capital Protection Plan. Detailed information about these plans is set out in *Description of the Group – Recovery Plan and the Capital Protection Plan*. The implementation of the plans should be finalised by the end of 2023. The successful implementation of the plans depends on a number of factors, some of which are outside the Bank's control. If these factors materialise, the Bank may have to extend the implementation of the plans beyond the originally envisaged deadline.

The delay in the implementation of the plans may have a significant impact on the Bank and on the implementation of its business strategy and may also cause the relevant supervisory and/or regulatory bodies to take additional action concerning the Bank which may include fines and public censure.

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

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

Under the provisions of the Act on the Bank Guarantee Fund, the Bank is a member of a mandatory guarantee scheme and is obliged to contribute to a deposit guarantee fund and a resolution fund.

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 the sum of a bank's liabilities (net of own funds and covered deposits) as at the last approved annual financial statements before 31 December of the year preceding the year of contribution and the institution's risk profile, taking into account the risk assessment in the areas of risk exposure, stability and diversity of funding sources, importance of the institution to the stability of the financial system or the economy, and additional indicators defined at the national level.

For the year ended 31 December 2022, the value of the Group's BGF contribution for both funds amounted to PLN 121.1 million, compared with PLN 118.2 million in 2021. Additionally, in 2022 the Bank contributed PLN 276 million to the institutional protection scheme established by the Bank and seven other Polish commercial banks.

Due to the relatively large scale of the Bank's operations, if a member of the mandatory guarantee scheme were to declare bankruptcy, the Bank may be obliged to make additional payments to the BGF.

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 the financial supervisory authorities on the markets where the Group is present.

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

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

In particular, the EU Directive (EU) 2021/2167 on credit servicers and credit purchasers will take effect on 30 December 2023. The directive will regulate the sale, purchase and servicing of non-performing loans originated by EU banks, such as the Bank. The new regime will have an impact on trading, investment and securitisation transactions involving non-performing loans.

As at the date of this Base Prospectus, this directive has not been implemented into Polish law and it remains unclear what the scope of the final requirements will be and how these will be implemented by the Bank.

Uncertainty with regard to the new rules and guidelines during the period in which they are implemented in the jurisdictions relevant to the Group, as well as potential further changes to European or Polish banking regulations, may impact the Group's ability to access capital or carry out certain business activities.

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

The KNF or the Office for Competition and Consumer Protection may identify issues during inspections of the Bank in the future which, if not adequately resolved by the Bank, may result in sanctions, fines or other penalties.

In the course of its activities, the Group is subject to numerous inspections, reviews, audits and explanatory proceedings conducted by various supervisors who oversee the financial services sector and other areas in which the Group operates, including the KNF and the Office for Competition and Consumer Protection. Each year, the Bank is subject to various types of supervisory interactions in the form of inspections and other control activities. Recommendations issued by the supervisory authorities as a result of these activities are implemented in accordance with the schedules declared by the Bank and accepted by the supervisory authorities.

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 Act dated 29 August 1997 Banking Law (the "**Banking Law**") and consumer protection regulations. This could affect the business, financial condition and results of the Group's 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 business, financial condition and results of operations of the Group.

RISKS RELATED TO NOTES

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features.

Risks related to the structure of a particular issue of Notes

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

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

Potential investors should also note that if "Issuer Call (Clean-up Call)" is specified in the relevant Final Terms as applicable, and if at any time the outstanding aggregate principal amount of the Notes of the relevant Series is 25 per cent. (or such other amount as specified in the relevant Final Terms) or less of the aggregate principal amount of the Notes of that Series originally issued (which shall for this purpose include any further Notes of such Series issued pursuant to Condition 17 (*Further Issues*), the Issuer may then redeem all (but not some only) of the remaining outstanding Notes of that Series at the Optional Redemption Amount (Clean-up Call) specified in the relevant Final Terms together, if appropriate, with interest accrued to (but excluding) the date fixed for redemption.

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

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the 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. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing market rates.

Risks relating to Reset Notes.

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

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

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

Risks related to Notes which are linked to or referencing "benchmarks"

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

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

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered.

Regulation (EU) No. 2016/1011 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

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

As an example of such benchmark reforms, on 21 September 2017, the 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 the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the Benchmark 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.

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

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

The Conditions of the Notes provide that, following the occurrence of a Benchmark Event or Benchmark Transition Event, certain fallback arrangements will apply, which may affect the calculation of interest amounts.

The Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable or a Benchmark Event or a Benchmark Transition Event (each as defined in the Conditions), as applicable, otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions) in certain circumstances, the relevant fallback provisions may not operate as intended at the relevant time.

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

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

The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes.

The use of risk-free rates **-** including those such as the Sterling Overnight Index Average ("**SONIA**"), the Secured Overnight Financing Rate ("**SOFR**") and the euro short-term rate ("**€STR**")**,** as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also to how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference risk-free rates issued under this Programme. The Issuer may in the future also issue Notes referencing SONIA, the SONIA Compounded Index, SOFR, the SOFR Compounded Index or €STR that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

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

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

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

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

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

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

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

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

The administrator of SONIA, SOFR or €STR or any related indices may make changes that could change the value of SONIA, SOFR or €STR or any related index, or discontinue SONIA, SOFR or €STR or any related index.

The Bank of England, the Federal Reserve, Bank of New York or the European Central Bank (or their successors) as administrators of SONIA (and the SONIA Compounded Index), SOFR (and the SOFR

Compounded Index) or €STR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, SOFR or €STR, or timing related to the publication of SONIA, SOFR or €STR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA, SOFR or €STR or any related index (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

Risks related to Notes generally

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

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

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 permanently write-down all or a portion of the principal amount of, or interest on, certain unsecured liabilities (including Notes) and to convert certain unsecured debt claims (including Notes) to equity, which equity could also be subject to any future write-down. The bail-in tool can be used to recapitalise an institution that is failing or likely to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. Under the BRRD the point of non-viability of a resolution entity is the point at which the relevant resolution authority determines that the resolution entity or its group: (i) meets conditions for resolution; or (ii) will no longer be viable unless the relevant instruments (such as Notes issued under the Programme) are written down or converted into equity; (iii) requires extraordinary public financial support in any case other than to remedy a serious disturbance in the economy of an EEA member state and to preserve financial stability; or (iv) infringes or, in the near future, will infringe its consolidated prudential requirements in a way that would justify action by the resolution authority.

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

As a result, the BRRD contemplates that resolution authorities may require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into Common Equity Tier 1 instruments at the point of non-viability (which Common Equity Tier 1 instruments may also be subject to any application of the general bail-in tool described above) and before any other bail-in or resolution tool can be used. The application of any non-viable loss-absorption measure may result in Noteholders losing some or all of their investment. The exercise of any such power may be inherently unpredictable and may depend on a number of factors which may be outside the Issuer's control.

While the BRRD provides for compensation to be paid to certain creditors (which may in certain cases be given in the form of equity shares) who receive less in a resolution of a relevant entity than they would have received had that entity been allowed to enter into normal insolvency proceedings (known as the "no creditor worse off" or "NCWO" protection), there can be no guarantee that any Noteholder or Couponholder will be eligible to receive compensation for any losses in respect of their Notes, or that any compensation received will cover their losses on their Notes in full and there can be no assurance that any such Noteholder or Couponholder would recover such compensation promptly. Additionally, under the Act on the Bank Guarantee Fund it is not clear if the "no creditor worse off" protection applies to an application of the write-down and conversion power outside the resolution proceedings.

The exercise of such mandatory write-down and conversion powers under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of holders of debt securities issued by the Issuer, the price or value of their investment and/or the ability of the Issuer to satisfy its obligations under such debt securities.

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 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*).

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

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

The Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes will contain limited enforcement events relating to:

(i) non-payment by the Issuer of any amounts due under the Notes. In such circumstances, as described in more detail in Condition 10.3 (*Events of Default relating to Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes and Tier 2 Subordinated Notes*) of the Conditions and subject as provided below, a Noteholder may prove or claim in the bankruptcy or liquidation of the Issuer; and

(ii) 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 in Condition 10.3 (*Events of Default relating to Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes and Tier 2 Subordinated Notes*) of the Conditions, 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, in each case, the Noteholder, may claim payment in respect of such Note only in the winding up or liquidation or, as the case may be, bankruptcy or liquidation of the Issuer.

In either case however, Noteholders will not have any rights to petition for the bankruptcy or liquidation of the Issuer under Polish law, as only the KNF and the BGF are authorised to file an insolvency application concerning a Polish bank. Noteholders are therefore dependent upon action being taken by a third party before they have any right to declare their Notes due and payable or have any ability to prove or claim in the bankruptcy or liquidation of the Issuer.

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

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Poland or any political subdivision or any authority thereof or therein having power to tax (a "**Tax Jurisdiction**"), the Issuer may, at its option, redeem all outstanding Notes in whole, but not in part, in accordance with the Conditions. Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes (as applicable) may also redeemed for taxation reasons if the Issuer would not be entitled to claim a deduction in computing taxation liabilities in any Tax Jurisdiction in respect of any payment of interest to be made on the Notes on the next payment date due under the Notes or the value of such deduction to the Issuer would be materially reduced. In each case, the Issuer may only redeem such Notes (i) if such additional payment or inability to claim a tax deduction (as applicable) occurs or the applicable tax treatment of the Notes is materially affected as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and (ii) in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes only if so permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force and subject to the prior consent of the Competent Authority if and as applicable (if such permission is required), as further described in Condition 7.2 (*Redemption for tax reasons*).

Furthermore, if a Capital Disqualification Event occurs as a result of a change (or any pending change which the Competent Authority considers sufficiently certain) in Polish law or law of any other relevant jurisdiction, Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, the Issuer may redeem all, and not some only, of any Series of the Tier 2 Subordinated Notes subject to such redemption being permitted by the Applicable Banking Regulations then in force and subject to the prior consent of the Competent Authority if and as applicable (if such permission is required), as further described in Condition 7.3 (*Early Redemption due to Capital Disqualification Event*).

If an MREL Disqualification Event occurs and is continuing as a result of a change in Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, subject to such redemption being permitted by the Applicable Banking Regulations (including, for the avoidance of doubt, Applicable MREL Regulations) then in force, and subject to the prior consent of the Competent Authority if and as applicable (if such permission is required), as further described in Condition 7.4 (*Early Redemption due to MREL Disqualification Event*).

In respect of Tier 2 Subordinated Notes, the regulatory conditions include the requirement under CRD that, if such Notes are to be redeemed during the first five years after the issuance of the relevant Series of such Notes, the Issuer must demonstrate to the satisfaction of the Competent Authority that the event triggering such redemption was not reasonably foreseeable at the time of the issue of the Notes and, in the case of an early redemption relating to the tax treatment of the Notes, that the change in tax treatment is material and, in the case of an early redemption relating to a Capital Disqualification Event, that such change is sufficiently certain. These foreseeability and materiality conditions to redemption contained in CRD only apply to a redemption of Tier 2 Subordinated Notes occurring in the first five years after the issue date of the relevant Series of such Notes and, therefore, an issuer of regulatory capital securities, such as the Tier 2 Subordinated Notes, could opt to redeem such Notes for tax or regulatory reasons after such fifth anniversary, including based upon an event that occurred within the first five years of issue. There can therefore be no assurances that Tier 2 Subordinated Notes will not be called for tax or regulatory reasons prior to any specified optional call date.

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

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

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

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

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

The terms of the Notes may contain a no set-off clause.

The Conditions provide that there is no set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Note against any right, claim, or liability the Issuer has or may have or acquire against any Noteholder, directly or indirectly, howsoever arising. As a result Noteholders would not at any time be entitled to set off the Issuer's obligations under the Notes against obligations owed by them to the Issuer.

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

To the extent that Condition 11 (*Substitution and Variation*) is specified in the relevant Final Terms as being applicable to the Notes provisions relating to the substitution or variation of the Notes, in certain circumstances, such as if a Capital Disqualification Event, an MREL Disqualification Event, or a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 7.2 (*Redemption for tax reasons*) occurs and is continuing or to ensure the enforceability or effectiveness of Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*), the Issuer may substitute all (but not some only) of the Notes or modify the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, to ensure that such substituted or varied Notes continue to qualify as Tier 2 Subordinated Notes or towards the Issuer's MREL Requirements, as applicable.

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

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

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Issuer may, with the consent of the Agent, but, without the consent of Noteholders: (i) amend the Conditions of the Notes to correct a manifest error, cure any ambiguity or cure, correct or supplement any defective provision contained therein, or (ii) amend the Conditions of the Notes in any manner which is not materially prejudicial to the interests of holders of such Notes, or (iii) substitute for itself another company as principal debtor under any Notes in place of the Issuer, as more fully described in Condition 16 (*Meetings of Noteholders, Modification and Substitution*).

In addition, certain changes may be made to the interest calculation provisions of the Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders.

The value of the Notes could be adversely affected by a change in law.

The conditions of the Notes are based on applicable 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, Polish 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.

The Issuer's gross-up obligation under the Notes (other than Ordinary Senior Notes) is limited.

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

Risks related to the market generally

Risks related to suspension, interruption or termination of trading in the Notes.

The listing of the Notes may, depending on the rules applicable to the relevant stock exchange, be suspended or interrupted by the respective stock exchange or a competent regulatory authority for a number of reasons, including a violation of price limits, a breach of statutory provisions, the occurrence of operational problems involving the stock exchange, or generally if deemed required in order to secure a functioning market or to safeguard the interests of investors. Furthermore, trading in the Notes may be terminated either upon the decision of the stock exchange or a regulatory authority or upon application by the Issuer.

Because the global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg (as defined above), investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

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

While the Notes are represented by one or more global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global Notes.

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

Clearing system risk of discontinuance.

Secondary market sales of book-entry interests in the global Notes will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time.

Secondary market sales of interests in the global Notes may be conducted in accordance with the normal rules and operating procedures of the domestic clearing system, or interests in the global Notes may be transferred to a direct or indirect participant of another clearing system in accordance with the standard arrangements for such cross-market transfers. None of Euroclear, Clearstream, Luxembourg or any other Clearing System is under any obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time.

Any such discontinuance could have a material adverse effect on an investor's holding of Notes or his or her ability to resell the Notes in the secondary market.

The Notes may be delisted, which may materially affect an investor's ability to resell.

Any Notes that are listed on any listing authority, stock exchange or quotation system may be delisted. If any Notes are delisted, the Issuer is obliged to endeavour promptly to obtain an alternative listing. Although no assurance is made as to the liquidity of the Notes as a result of listing on any listing authority, stock exchange or quotation system, delisting the Notes may have a material adverse effect on a Noteholder's ability to resell the Notes in the secondary market.

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

In relation to any issue of Notes in bearer form 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 his or her account with the relevant clearing system at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that holding amounts to a Specified Denomination.

If definitive Notes in bearer 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.

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

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

If an investor holds Notes which are not denominated in the investor's home currency, he or she will be exposed to movements in exchange rates adversely affecting the value of his or her 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) 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 Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. In the event a rating assigned to the Notes and/or the Issuer is lowered for any reason, the market value of the Notes may be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes.

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

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

If the status of any rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

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;
- negative occurrences in the markets in which the Issuer's loan portfolio is concentrated;
- negative impact of the COVID-19 pandemic;
- volatility in interest rates;
- a downgrade in the Republic of Poland's or the Issuer's credit ratings;
- perceived risk of sovereign default in the EU and associated risks relating to the euro;
- operational risk;
- credit and counterparty risk;
- liquidity risk and adverse capital and credit market conditions;
- 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;
- 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 materialise, or if underlying assumptions prove incorrect, the Issuer's actual results, performance or achievements or industry results may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. 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 be 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 documents set out below that are incorporated by reference in this Base Prospectus are, where indicated, free translations into English from the original Polish language documents. To the extent that there are any inconsistencies between the originals and the translations, the originals shall prevail. The Issuer takes responsibility for such translations. The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. the unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2023, prepared in accordance with International Accounting Standard 34, included in the consolidated report of the Group for the first half of 2023, which constitute a free translation from the Polish version into the English language and can be viewed online at:

   https://www.bankmillennium.pl/documents/10184/32220927/2_MILLENNIUM_1H2023_EN.pdf

   (a) consolidated statement of profit and loss (page 9);

   (b) consolidated statement of total comprehensive income (page 10);

   (c) consolidated statement of financial position (pages 11 to 12);

   (d) consolidated statement of changes in equity (page 13);

   (e) consolidated statement of cash flow (pages 14 to 15); and

   (f) notes to consolidated financial data (pages 16 to 77 inclusive);

2. the audited consolidated financial statements of the Group for the year ended 31 December 2022 prepared in accordance with IFRS as adopted by the EU (the "**2022 Consolidated Financial Statements**"), audited by Deloitte Audyt spółka z ograniczoną odpowiedzialnością sp. k. ("**Deloitte**") included in the consolidated annual report of the Group for the year ended 31 December 2022, which constitute a free translation from the Polish version into the English language and can be viewed online at:

   https://www.bankmillennium.pl/documents/10184/32110892/MillenniumGroup_CFS_2022_EN.pdf

   (a) consolidated income statement (page 6);

   (b) consolidated statement of total comprehensive income (page 7);

   (c) consolidated balance sheet (pages 8 to 9);

   (d) consolidated statement of changes in equity (page 10);

   (e) consolidated cash flow statement (pages 11 to 12); and

   (f) notes to the consolidated financial statements (pages 13 to 178 inclusive).

3. the separate independent registered auditor's report on the audit of the 2022 Consolidated Financial Statements (pages 1 to 9 inclusive), which constitutes a free translation from the Polish version into the English language and can be viewed online at:

   https://www.bankmillennium.pl/documents/10184/32110892/ReportontheAuditoftheAnnualConsolidatedFinancialStatements.pdf;

4. the audited consolidated financial statements of the Group for the year ended 31 December 2021 prepared in accordance with IFRS as adopted by the EU (the "**2021 Consolidated Financial Statements**"), audited by Deloitte included in the consolidated annual report of the Group for the year ended 31 December 2021, which constitute a free translation from the Polish version into the English language and can be viewed online at:

https://www.bankmillennium.pl/documents/10184/30701655/2_MILLENNIUMGROUP_CFS_2021_EN.pdf/de4efe5c-f8e6-af2e-6bae-39296a657151?t=1645777077143

(a) consolidated income statement (page 6);

(b) consolidated statement of total comprehensive income (page 7);

(c) consolidated balance sheet (pages 8 to 9);

(d) consolidated statement of changes in equity (page 10);

(e) consolidated cash flow statement (pages 11 to 12); and

(f) notes to the consolidated financial statements (pages 13 to 178 inclusive).

5. the separate independent registered auditor's report on the audit of the 2021 Consolidated Financial Statements (pages 1 to 9 inclusive), which constitutes a free translation from the Polish version into the English language and can be viewed online at:

https://www.bankmillennium.pl/documents/10184/30701655/Raport_Audytora_EN.pdf/1047e494-0a37-8a0c-eaaf-73ac8649ed72?t=1648808327480;

6. the Management Board Report on the Activity of Bank Millennium and the Capital Group of Bank Millennium in the six months ended on 30 June 2023 (pages 1 to 65 inclusive), which constitutes a free translation from the Polish version into the English language and can be viewed online at:

https://www.bankmillennium.pl/documents/10184/32220927/1_MB_Report_Group_1H23.pdf;

7. the Management Board Report on the Activity of Bank Millennium and the Capital Group of Bank Millennium in 2022 (pages 1 to 139 inclusive), which constitutes a free translation from the Polish version into the English language and can be viewed online at:

https://www.bankmillennium.pl/documents/10184/32110892/Management_Board_Report_Millennium_2022.pdf;

8. the Management Board Report on the Activity of Bank Millennium and the Capital Group of Bank Millennium in 2021 (pages 1 to 119 inclusive), which constitutes a free translation from the Polish version into the English language and can be viewed online at:

https://www.bankmillennium.pl/documents/10184/32257776/1_Management_Board_Report_Millennium_2021.pdf

Any non-incorporated parts of a document referred to herein are either deemed not relevant for the investor or covered in another part of the Base Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

If the information incorporated by reference in this Base Prospectus itself incorporates any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Bank 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 Bank's website at https://www.bankmillennium.pl/en/about-the-bank/investor-relations. 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 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 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 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. 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 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

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

(a) if the 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 and Clearstream, Luxembourg; and

(b) if the 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 for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the 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 Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of 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 Note is represented by a Temporary 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 Global Note if the Temporary 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 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 Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary 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 Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent 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 Global Note will be exchangeable (free of charge), in whole but not in part, for definitive 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 10 (*Events of Default*)) has occurred and is continuing, or (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. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 (*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 Global

Note) may give notice to the 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 Agent.

The following legend will appear on all Notes (other than Temporary 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 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 such Notes or interest coupons.

Notes which are represented by a 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.

Pursuant to the Agency Agreement (as defined herein), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act, "**Regulation S**") 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 10 (*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 Conditions and payment in full of the amount due has not been made in accordance with the provisions of the Global Note, then the Global Note will become void at 8.00 p.m. (London time) on the day immediately following such day. At the same time, 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 or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 25 August 2023 and executed by the Issuer.

FORM OF FINAL TERMS

Form of Final Terms for an issue by Bank Millennium S.A. under the €3,000,000,000 Euro Medium Term Note Programme.

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 ("**EU 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 EU MiFID II[; or (iii) not a qualified investor as defined in the Prospectus Regulation]. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to, be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the United Kingdom 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 United Kingdom by virtue of the EUWA [; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA]. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

[EU 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, "**EU MiFID II**")/EU 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 EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND 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, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the [European Union

(Withdrawal) Act 2018/EUWA] ("**UK MiFIR**"); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.].]

FINAL TERMS

Bank Millennium S.A.

Legal entity identifier (LEI): 259400OFDZ9KPZEO8K78

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €3,000,000,000 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 (the "**Conditions**") set forth in the base prospectus of the Issuer dated 25 August 2023 [, as supplemented by the supplement(s) to it dated [●]] (the "**Base Prospectus**") issued in relation to the €3,000,000,000 Euro Medium Term Note Programme of Bank Millennium 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 https://www.bankmillennium.pl/en/about-the-bank/investor-relations, 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.

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.]

[When completing any final terms, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.]

[When adding any other final terms or information, consideration should be given as to whether such terms or information constitute category 'B' information as indicated in relevant Annex to the Prospectus Regulation and consequently trigger the need for an individual drawdown prospectus.]

[*Date*]

1.	(a)	Series Number:	[●]

	(b)	Tranche Number:	[●]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*provide issue amount/ISIN/maturity date/issue date of earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below, which is expected to occur on or about [*date*]][Not Applicable]
2.	Specified Currency or Currencies:		[●]
3.	Aggregate Nominal Amount:		
	(a)	Series:	[●]
	(b)	Tranche:	[●]
4.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] *(if applicable)*]
5.	(a)	Specified Denominations:	[●]
	(b)	Calculation Amount:	[●] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*)
6.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[[●]/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
7.	Maturity Date:		[*Fixed rate – specify date*/*Floating rate* – Interest Payment Date falling in or nearest to [*specify month*]] (*Tier 2 Subordinated Notes will have a maturity of not less than five years or as otherwise permitted in accordance with Applicable Banking Regulations in force at the relevant time.*)
8.	Interest Basis:		[[●] per cent. Fixed Rate] [[●] month [EURIBOR/WIBOR/SONIA/SOFR] +/- [●] per cent. Floating Rate]

		[Zero Coupon]
		(see paragraph [13]/[14]/[15]/[16] below)
9.	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at par on the Maturity Date
10.	Change of Interest Basis:	[For the period from (and including) the Interest Commencement Date, up to (but excluding) [*date*] paragraph [13]]/[14] applies and for the period from (and including) [*date*] to (but excluding) the Maturity Date, paragraph [13]/[14] applies][Not Applicable]
11.	Put/Call Options:	Issuer Call pursuant to Condition 7.6 (*Redemption at the option of the Issuer (Issuer Call)*) is [Applicable/Not Applicable] [See paragraph 18 below]
		Issuer Call pursuant to Condition 7.7 (*Redemption at the option of the Issuer (Clean-up Call)*) is [Applicable/Not Applicable] [See paragraph 19 below]
		Investor Put pursuant to Condition 7.8 (*Redemption at the option of the Noteholders (Investor Put)*) is [Applicable/Not Applicable] [See paragraph 20 below]
		[(further particulars specified below)]
12.	Status of the Notes:	[Senior Notes–Ordinary Senior Notes/Senior Notes–Senior Non-Preferred Notes/Subordinated Notes–Senior Subordinated Notes/Subordinated Notes–Tier 2 Subordinated Notes]
	(a) Senior:	[Applicable/Not Applicable]
		(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	• Status:	[Ordinary Senior Notes/Senior Non-Preferred Notes]
	• Senior MREL Notes:	[Applicable/Not Applicable]
	• Events of Default:	[Condition 10.1 (*Events of Default relating to Ordinary Senior Notes*) applies] / [Condition 10.3 (*Events of Default relating to Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes and Tier 2 Subordinated Notes*) applies]
	(b) Subordinated:	[Applicable/Not Applicable]

			(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	•	Status:	[Senior Subordinated Notes/Tier 2 Subordinated Notes]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions:		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[[●] per cent. per annum payable in arrear on each Interest Payment Date]
	(b)	Interest Payment Date(s):	[[●] in each year up to and including the Maturity Date]
	(c)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form*)	[●] per Calculation Amount
	(d)	Broken Amount(s): (*Applicable to Notes in definitive form*)	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] [Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	Determination Date(s):	[[●] in each year] [Not Applicable]
			(*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short, first or last, coupon*)
14.	Floating Rate Note Provisions:		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs 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)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the 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]/[SONIA] /[SOFR]/[€STR]/[SONIA Compounded Index]/[SOFR Compounded Index]
•	Observation Method:	[Lag / Observation Shift]
•	Lag Period:	[5/[●] TARGET Business Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]
•	Observation Shift Period:	[5/[●] TARGET Business Days/U.S. Government Securities Business Days/London Banking Days /Not Applicable] (*NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent*)
•	D:	[360/365] / [Not Applicable]
•	Index Determination:	[Applicable/Not Applicable]
•	SONIA Compounded Index:	[Applicable/Not Applicable]
•	SOFR Compounded Index:	[Applicable/Not Applicable]
•	Relevant Decimal Place:	[ ]/[5/7] *(unless otherwise specified in the Final Terms, the Relevant Decimal Place shall be the fifth decimal place in the case of the SONIA Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index*)

	• Relevant Number:	[ ]/[5] (*unless otherwise specified in the Final Terms, the Relevant Number shall be 5*)
	• Interest Determination Date(s):	[●] *(Second day on which T2 is open prior to the start of each Interest Period if EURIBOR)*
	• 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))*
	• ISDA Definitions:	[2006/2021] ISDA Definitions
	• Floating Rate Option:	[●] (*If "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 cent. per annum
(j)	Minimum Rate of Interest:	[●] per cent. per annum
(k)	Maximum Rate of Interest:	[●] per cent. per annum
(l)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA) (*See Condition 5 (Interest) for alternatives*)
15.	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(a)	Accrual Yield:	[●] per cent. per annum
(b)	Reference Price:	[●]
(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]
16.	Reset Note Provisions:	Applicable/Not Applicable (*If not applicable, delete the remaining sub paragraphs of this paragraph*)
(a)	Initial Rate of Interest:	[●] per cent. per annum payable in arrear [on each Interest Payment Date] up to (and including) [●]
(b)	First Margin:	[±][●] per cent. per annum
(c)	Subsequent Margin:	[[±][●] per cent. per annum]/[Not Applicable]
(d)	Interest Payment Date(s):	[●] [and [●]] in each year up to and including the Maturity Date [[in each case,] subject to adjustment in accordance with paragraph 16(p)]
(e)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[●] per Calculation Amount / Not Applicable
(f)	Broken Amount(s):	[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] / Not Applicable
(g)	First Reset Date:	[●] [subject to adjustment in accordance with paragraph 16(p)]
(h)	Second Reset Date:	Not Applicable / [●] [subject to adjustment in accordance with paragraph 16(p)]

(i)	Subsequent Reset Date(s):	Not Applicable / [●] [and [●]] [subject to adjustment in accordance with paragraph 16(p)]
(j)	Relevant Screen Page:	[●]
(k)	Reset Reference Rate:	Reference Bond Rate / Mid-Swap Rate
(l)	Mid-Swap Rate:	[Single Mid-Swap Rate]/[Mean Mid-Swap Rate]/[Not Applicable]
(m)	Mid-Swap Maturity:	[●]
(n)	Reference Banks:	[●]
(o)	Reset Reference Rate Conversion:	[Applicable/Not Applicable]
(p)	Original Reset Reference Rate Basis:	[●]/[Not Applicable]
(q)	Day Count Fraction:	Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)
(r)	Reset Determination Dates:	[●] in each year / The provisions in the Conditions apply
(s)	Reset Determination Time:	[●]
(t)	Business Day Convention:	Following Business Day Convention / Modified Following Business Day Convention / Modified Business Day Convention / Preceding Business Day Convention / FRN Convention / Floating Rate Convention / Eurodollar Convention / No Adjustment
(u)	Relevant Financial Centre:	[●]
(v)	Determination Agent:	[●]
(w)	Mid-Swap Floating Leg Benchmark Rate:	[EURIBOR]/ [WIBOR]/ [SONIA]/ [SOFR]/[€STR]/ SONIA Compounded Index/SOFR Compounded Index

PROVISIONS RELATING TO REDEMPTION

17.	Notice periods for Condition 7.2:	Minimum period: [30] days Maximum period: [60] days
18.	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]) [the [First] Reset Date]/[the Maturity Date]/[●]
	(b)	Optional Redemption Amount:	[●] per Calculation Amount
	(c)	Notice periods:	Minimum period: [15] days Maximum period: [30] 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 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 Agent*)
19.	Issuer Clean-up Call Option:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Clean-up Call Threshold:	[●] per cent.
	(b)	Optional Redemption Amount (Clean-up Call):	[●]
	(c)	Notice period (if different from the Conditions):	[Not less than [●] nor more than [●] days] / [Not Applicable – in line with Condition 7.7 (*Redemption at the option of the Issuer (Clean-up Call)*)]
20.	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 periods:	Minimum period: [15] days Maximum period: [30] 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)
21.	MREL Disqualification Event	[Applicable/Not Applicable]
	• Optional Redemption Amount:	[[●] per Calculation Amount/Not Applicable]
22.	Final Redemption Amount:	[Par], [[●] per Calculation Amount]
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[●] per Calculation Amount/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	
	(a) Form:	[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] (*Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time at the request of the Issuer options should not be expressed to be applicable if the Specified Denomination of the Notes in sub-paragraph 5 includes language substantially to the following effect: "*[*€100,000*] *and integral multiples of* [*€1,000*] *in excess thereof up to and including* [*€199,000*]." *Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*)
	(b) 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.	Waiver of Set-Off:	[Applicable]/[Not Applicable]

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

SIGNED on behalf of **Bank Millennium S.A.:**

By:	By: ....
Duly authorised	*Duly authorised*

PART B – OTHER INFORMATION

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

2. **RATINGS**

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

[Not Applicable]

Option 1 - CRA established in the EEA and registered under the EU CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[●] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). [As of the date of these Final Terms, [●] appears on the list of registered credit rating agencies on the ESMA website *www.esma.europa.eu*]. [The rating [●] given to the Notes is endorsed by [●], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of UK domestic law by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/ [[●] has been certified under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/ [[●] has not been certified under Regulation (EU) No 1060/2009, as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA / European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 2 – CRA established in the EEA, not registered under the CRA Regulation but has applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[●] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [*relevant competent authority*/European Securities and Markets Authority]. [As of the date of these Final Terms, [●] appears on the list of registered credit rating agencies on the ESMA website *www.esma.europa.eu*]. [The rating [●] has given to the Notes is endorsed by [●], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/[[●] has been certified under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/[[●] has not been certified under Regulation (EU) No 1060/2009, as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 3 – CRA established in the EEA, not registered under the EU CRA Regulation and not applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation

[●] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). [As of the date of these Final Terms, [●] appears on the list of registered credit rating agencies on the ESMA website *www.esma.europa.eu.*] [The rating [●] has given to the Notes is endorsed by [●], which is established in the UK and registered under

Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").]/[[●] has been certified under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**").] [[●] has not been certified under Regulation (EU) No 1060/2009, as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

Option 4 – CRA established in the UK and registered under the UK CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the EEA or certified under the EU CRA Regulation

[●] is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**"). As of the date of these Final Terms, [●] appears on the list of registered credit rating agencies on the FCA website *www.fca.org.uk/markets/credit-ratingagencies/registered-certified-cras*. [The rating [●] has given to the Notes to be issued under the Programme is endorsed by [●], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[●] has been certified under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**").] [[●] has not been certified under Regulation (EU) No 1060/2009, as amended as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation.]

Option 5 – CRA not established in the EEA or the UK but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation (EU) AND/OR under the UK CRA Regulation

[●] is not established in the EEA or the UK but the rating it has given to the Notes to be issued under the Programme is endorsed by [●], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**")] [and] [[●], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018]].

Option 6 – CRA not established in the EEA or the UK and relevant rating is not endorsed under the CRA Regulation (EU) or the UK CRA Regulation but CRA is certified under the CRA Regulation (EU) AND/OR under the UK CRA Regulation

[●] is not established in the EEA or the UK but is certified under Regulation (EU) No 1060/2009, as amended [(the "**EU CRA Regulation**")] [and] [Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA / European Union (Withdrawal) Act 2018].

Option 7 – CRA neither established in the EEA or the UK nor certified under the EU CRA Regulation or the UK CRA Regulation and relevant rating is not endorsed under the EU CRA Regulation or the UK CRA Regulation

[●] is not established in the EEA or the UK and is not certified under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**") or Regulation (EU) No 1060/2009 as it forms part of the domestic law of the United Kingdom by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in either the EEA and registered under the EU CRA Regulation or in the UK and registered under the UK CRA Regulation.

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

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

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business./ [●]./Not Applicable.]]

4. REASONS FOR THE OFFER AND TOTAL EXPENSES

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

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

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

6. OPERATIONAL INFORMATION

(i)	ISIN Code:	[●]
(ii)	Common Code:	[●]
(iii)	CFI:	[●], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable/other].
(iv)	FISN:	[●], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) [or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/Not Applicable/other]. (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*).
(v)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s), address(es) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[●]
(viii)	Relevant Benchmark(s):	[[*specify benchmark*] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][appears]/[does not appear]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the EU Benchmarks Regulation]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the EU Benchmark Regulation]/ [As far as the Issuer is aware, the

		transitional provisions in Article 51 of Regulation (EU) 2016/1011, as amended apply, such that [*name of administrator*] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)]/ [Not Applicable]
(ix)	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 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. 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.]

7. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated:	[Not Applicable/*give names, addresses and underwriting commitments*] (*Include names and addresses of entities agreeing to underwrite the issue on a firm-commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.*)
	(i) Names and addresses of Managers and underwriting commitments:	[●]
	(ii) Date of subscription agreement:	[●]
	(iii) Stabilisation Manager(s) (if any):	[Not Applicable/[●]]
(iii)	If non-syndicated, name and address of relevant Dealer:	[Not Applicable/[●]]
(iv)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]]

(v)	Italian Selling Restriction:	[No sales into Italy] [Sales into Italy subject to certain requirements] [Not Applicable]
(vi)	French Selling Restriction:	[No sales into France] [Sales into France subject to certain requirements] [Not Applicable]

8. **[THIRD PARTY INFORMATION]**

[[●] has been extracted from [●]. The Bank 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 [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

TERMS AND CONDITIONS OF THE NOTES

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

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

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

(a) in relation to any Notes represented by a global note (a "**Global Note**"), units of each Specified Denomination (as defined below) in the Specified Currency (as defined below);

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

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 25 August 2023 and made between the Issuer and Citibank N.A., London Branch as issuing and principal paying agent (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents). The Agent and the Paying Agents are together referred to as the "**Agents**".

The final terms for this Note (or the relevant provisions thereof) are set out in the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the "**Conditions**" and references to a numbered "**Condition**" shall be construed accordingly).

Interest - bearing definitive Notes have interest coupons ("**Coupons**") and, in the case of 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. Global Notes do not have Coupons or Talons attached on issue.

The applicable Final Terms will state in particular whether this Note is an Ordinary Senior Note (the "**Ordinary Senior Note**") or a Senior Non-Preferred Note (the "**Senior Non-Preferred Note**", together with the Ordinary Senior Note, the "**Senior Notes**") or a Subordinated Note (the "**Subordinated Note**"), which may be, in turn, a Senior Subordinated Note (the "**Senior Subordinated Note**") or a Tier 2 Subordinated Note (the "**Tier 2 Subordinated Note**"), each as more fully described in Condition 2 (*Status of the Notes*).

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 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.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean the holders of the Notes 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.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 25 August 2023 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary or common safekeeper, as the case may be, for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and by the Agent on behalf of the Noteholders and the Couponholders at its specified office.

Copies of the Agency Agreement and the Deed of Covenant are (i) available for inspection during normal business hours at the specified office of each of the Agent 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 the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Any reference in these Conditions to any legislation (whether primary legislation or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended, superseded or re-enacted. References herein to "Terms and Conditions" or "Conditions" are to these Conditions, or a correspondingly numbered provision hereof.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form 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.

This Note may be a Fixed Rate Note, a Floating Rate Note, 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 be an Ordinary Senior Note, a Senior Non-Preferred Note, a Senior Subordinated Note or a Tier 2 Subordinated Note.

Definitive 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 Notes and Coupons will pass by delivery. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon 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 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. STATUS OF THE NOTES

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

2.1 Status of the Ordinary Senior Notes

The payment obligations of the Issuer under Notes which specify their status as Ordinary Senior Notes (including Senior MREL Notes) in the applicable Final Terms constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*) unsecured obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provisions of law, upon the insolvency of the Issuer as set out in the Polish Act dated 28 February 2003 Insolvency Law, as may be amended from time to time (the "**Insolvency Law**")), such payment obligations rank:

(a) in respect of principal:

(i) junior to: (A) any liabilities of the Issuer falling into categories 1 and 2 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 the Ordinary Senior Notes in accordance with the Insolvency Law;

(ii) *pari passu* among themselves and with any other Senior Higher Priority Liabilities; and

(iii) senior to: (A) accrued but unpaid interest on Senior Higher Priority Liabilities 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 the Ordinary Senior Notes in accordance with the Insolvency Law;

(b) in respect of interest:

(i) junior to: (A) obligations in respect of principal on Senior Higher Priority Liabilities; 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 the Ordinary Senior Notes in accordance with the Insolvency Law;

(ii) *pari passu* among themselves and with any other interest on Senior Higher Priority Liabilities; and

(iii) senior to: (A) any liabilities of the Issuer falling into categories 5 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 the Ordinary Senior Notes in accordance with the Insolvency Law.

2.2 Status of the Senior Non-Preferred Notes

The payment obligations of the Issuer under Notes which specify their status as Senior Non-Preferred Notes in the applicable Final Terms constitute direct, unconditional and unsecured obligations of the Issuer and subject to any other ranking that may apply as a result of any mandatory provision of law, upon the insolvency of the Issuer as set out in the Insolvency Law, such payment obligations rank:

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

(b) *pari passu* among themselves and with any other Senior Non-Preferred Liabilities; and

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

2.3 Status of the Subordinated Notes

(a) The payment obligations of the Issuer under Notes which specify their status as Senior Subordinated Notes or Tier 2 Subordinated Notes in the applicable Final Terms on account of principal 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, such payment obligations rank:

(i) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute Senior Subordinated Liabilities of the Issuer:

(A) 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;

(B) *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

(C) 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

(ii) for so long as the obligations of the Issuer in respect of the relevant Subordinated Notes constitute either in whole or in part Tier 2 Subordinated Notes of the Issuer:

(A) 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, (ii) any other present and future obligations of the Issuer which, in accordance with the Insolvency Law, rank senior to the Tier 2 Subordinated Notes, and (iii) any other obligations which, by law, rank senior to the Issuer's obligations under the Tier 2 Subordinated Notes;

(B) *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

(C) 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, (ii) any other present or future obligations of the Issuer which, in accordance with the Insolvency Law, rank lower than Tier 2 Subordinated Notes, and (iii) any other subordinated obligations of the Issuer which by law rank junior to the obligations of the Issuer under the Tier 2 Subordinated Notes.

2.4 No Interest in Insolvency

No interest shall accrue in respect of the Notes from the date of the declaration of insolvency of the Issuer.

2.5 MREL

(a) To the extent allowed by the Applicable Banking Regulations, the Senior MREL Notes, the Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes may be issued by the Issuer to satisfy the minimum requirements for own funds and eligible liabilities (the "**MREL**").

(b) The rights of holders of the Ordinary Senior Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes shall be subject to any present or future Polish laws or regulations relating to the recovery and resolution of credit institutions and investment firms in the Republic of Poland which are or will be applicable to such Notes as a result of the operation of such laws or regulations, including, without limitation, any laws, regulations, rules or requirements in effect in the Republic of Poland, relating to (i) the transposition of the BRRD and (ii) the instruments, rules and standards created under the BRRD. In particular, in the event of the resolution of the Issuer, the Relevant Resolution Authority may write-down or convert the MREL Notes ahead of the Notes which do not constitute MREL Notes.

2.6 Definitions

In these Conditions:

"**Applicable Banking Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy or resolution then in effect in the Republic of Poland 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 regulations, requirements, guidelines and policies relating to capital adequacy or resolution adopted by the BGF or other Competent Authority from time to time and then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer);

"**BGF**" means Bankowy Fundusz Gwarancyjny;

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

"**BRRD**" means Directive 2014/59/EU of 15 May 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time;

"**Competent Authority**" means the Polish Financial Supervision Authority (in Polish: *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);

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

"**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;

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

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

"**Relevant Resolution Authority**" means the BGF or any successor to or replacement for the BGF and/or any other authority with the ability to exercise any Bail-in and Loss Absorption Powers (as defined in Condition 20 (*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 440.2.3 of the Insolvency Law and any other unsecured and unsubordinated obligations of the Issuer having the same ranking in respect of principal as the obligations of the Issuer under the Ordinary Senior Notes;

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

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

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

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

3. NEGATIVE PLEDGE

3.1 Negative Pledge

This Condition 3 is applicable only in relation to the Ordinary Senior Notes (which are not Senior MREL Notes). So long as any Ordinary Senior Note remains outstanding, the Issuer will not create or have outstanding any Encumbrance upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant External Indebtedness unless the Issuer shall, in the case of the creation of an Encumbrance, before or at the same time, in any other case, promptly take any and all action necessary to ensure that such other Encumbrance or other arrangement (whether or not it includes the creation of an Encumbrance) is provided as shall be approved by an Extraordinary Resolution (which is defined in the Agency Agreement as a resolution duly passed by a majority of not less than three-fourths of the votes cast) of holders, **provided that** the above provisions shall not apply to any Encumbrance on or with respect to the assets, receivables, remittances or other payment rights of the Issuer which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the principal amount of the Relevant External Indebtedness secured by such Encumbrance is substantially limited to an amount equal to the proceeds received by the Issuer in exchange for the sale, assignment, pledge or other transfer of such assets, receivables, remittances or other payment rights.

3.2 Definitions

In these Conditions:

"**Encumbrance**" means any mortgage, pledge, lien, charge, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security agreement or arrangement;

"**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; and

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

4. WAIVER OF SET-OFF

In the case of any Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes, no Noteholder shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Notes or relative Coupons. 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 hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding up of the Issuer, to the liquidator of the Issuer.

For the avoidance of doubt, nothing in this Condition is intended to provide, or shall be construed as acknowledging, any right of deduction, set-off, netting, compensation, retention or counterclaim or that any such right is or would be available to any Noteholder of any Note but for this Condition.

5. INTEREST

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

5.1 Interest on Fixed Rate Notes

This Condition 5.1 applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

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 these 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 represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global; or

(b) in the case of Fixed Rate 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 Fixed Rate 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 5.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

  (i) 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

  (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

    (A) 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

(B) 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

(b) 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.

5.2 Interest on Floating Rate Notes

This Condition 5.2 applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 5.2 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

(a) Interest Payment Dates

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

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

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

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

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

(A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b)(2) below shall apply *mutatis mutandis* or (ii) 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 (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) 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 day which is both:

(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 system ("**T2**")) specified in the applicable Final Terms;

(b) if T2 is specified as an Additional Business Centre in the applicable Final Terms, a day on which T2 is open; and

(c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which T2 is open.

(b) Rate of Interest

The rate of interest payable from time to time in respect of Floating Rate Notes (the "**Rate of Interest**") will be determined in the manner specified in the applicable Final Terms.

(c) Screen Rate Determination

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be (other than in respect of Notes for which SONIA, SOFR and/or €STR or any related index is specified as the Reference Rate in the relevant Final Terms) determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms), which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser appointed by the Issuer, and such Independent Adviser acting in good faith and in a commercially reasonable manner;

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate;

(iii) in any other case, the Calculation Agent will determine the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Issuer will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) provide such quotations to the Calculation Agent who shall determine the arithmetic mean of such quotations; and

(v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, requested and selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) ISDA Determination

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 applicable to the Notes for each Interest Period will be the sum of the Margin (if any) and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that interest rate swap transaction under the terms of an agreement incorporating the (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:

(i) references in the ISDA definitions to:

(A) "**Confirmation**" shall be references to the relevant Final Terms;

(B) "**Calculation Period**" shall be references to the relevant Interest Period;

(C) "**Termination Date**" shall be references to the Maturity Date;

(D) "**Effective Date**" shall be references to the Interest Commencement Date; and

(E) "**Administrator/Benchmark Event**" in the 2021 ISDA Definitions shall be disapplied; and

(ii) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate";

(iii) the Floating Rate Option is as specified in the relevant Final Terms;

(iv) the Designated Maturity is a period specified in the relevant Final Terms; and

(v) the relevant Reset Date is either (A) the first day of that Interest Period or (B) as specified in the relevant Final Terms;

(vi) 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

(vii) 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.

Notwithstanding anything in the ISDA Definitions to the contrary the Agent will have no obligation to exercise any discretion (including in determining EURIBOR or the fallback rate), and to the extent the ISDA Definitions requires the Agent to exercise any such discretion, the Issuer, will provide written direction to the Agent specifying how such discretion should be exercised, and the Agent will be entitled to conclusively rely on that direction and will be fully protected if it acts in accordance therewith.

For the purposes of this subparagraph (d), "**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.

References in the ISDA definitions to:

"**Confirmation**" shall be references to the relevant Final Terms;

"**Calculation Period**" shall be references to the relevant Interest Period;

"**Termination Date**" shall be references to the Maturity Date;

"**Effective Date**" shall be references to the Interest Commencement Date; and

"**Administrator/Benchmark Event**" in the 2021 ISDA Definitions shall be disapplied; and

If the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication– Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate".

(e) Interest – Floating Rate Notes referencing SONIA

(i) This Condition 5.2(e) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "SONIA".

(ii) Where "SONIA" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent.

(iii) For the purposes of this Condition 5.2(e):

"**Compounded Daily SONIA**", with respect to an Interest Period, will be calculated by the Calculation Agent on each Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SONIA_I \ x \ n_i}{365}\right)-1\right]\times\frac{365}{d}$$

"**d**" means the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"$\mathbf{d_o}$" means the number of London Banking Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period,

"**i**" means a series of whole numbers from one to d_o, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day to, and including, the last London Banking Day, in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling p London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes are due and payable);

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

"$\mathbf{n_i}$" for any London Banking Day "i", in the relevant Interest Period or Observation Period (as applicable) is 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, in respect of an Interest Period, the period from, and including, the date falling "p" London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is p London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" for any Interest Period or Observation Period (as applicable), means the number of London Banking Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms (or, if no such number is so specified, five and shall not be less than five unless otherwise agreed with the Agent);

"**SONIA Reference Rate**" means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or if the Relevant Screen Page is unavailable, as otherwise is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

"**SONIAi**" means the SONIA Reference Rate for:

(i) where "Lag" is specified as the Observation Method in the relevant 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 relevant Final Terms; the relevant London Banking Day "i".

For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.

(iii) If, in respect of any London Banking Day in the relevant Interest Period or Observation Period (as applicable), the Calculation Agent determines that the SONIA Reference Rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall, subject to Condition 5.2(n) (*Benchmark Replacement (Independent Adviser)*), be:

(A) the sum of (i) Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5 p.m. (London time) (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(B) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, either (i), the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors); or (ii) if this is more recent, the latest rate determined under (A) above.

(iv) Subject to Condition 5.2(n) (*Benchmark Replacement (Independent Adviser)*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(e), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period, in each case as determined by the Calculation Agent.

(f) Interest – Floating Rate Notes referencing SOFR

(i) This Condition 5.2(f) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "SOFR".

(ii) Where "SOFR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as specified in the relevant Final Terms) the Margin (if any), all as determined by the Calculation Agent on each Interest Determination Date.

(iii) For the purposes of this Condition 5.2(f):

"**Benchmark**" means Compounded Daily SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 5.2(f).

Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded Daily SOFR in accordance with the specific formula and other provisions set forth herein, the Daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded Daily SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 5.2(f)(iv) below will apply.

"**Business Day**" means any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

"**Compounded Daily SOFR**" with respect to any Interest Period, means the rate of return of a daily compound interest investment (with the daily U.S. dollar secured overnight financing rate as reference rate for the calculation of interest) computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

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

"**d**" is the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period.

"**d_o**" is the number of U.S. Government Securities Business Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, 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" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period,

to and including the last US Government Securities Business Day in such period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes are due and payable);

"**n_i**" for any U.S. Government Securities Business Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("**i+1**");

"**Observation Period**" in respect of an Interest Period means the period from, and including, the date falling "p" U.S. Government Securities Business Days preceding the first day in such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date falling "p" U.S. Government Securities Business Days preceding the (i) Interest Payment Date for such Interest Period; or (ii) if applicable, such earlier date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Notes become due and payable;

"**p**" for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms (or, if no such number is so specified, five and shall not be less than five unless otherwise agreed with the Agent);

"**SOFR**" with respect to any U.S. Government Securities Business Day, means:

(i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or

(ii) Subject to Condition 5.2(f)(iv) below, if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"**SOFRi**" 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"; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant 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, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

If the Issuer or, in the Issuer's discretion, an Independent Adviser appointed by the Issuer for such purpose, determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer or, in the Issuer's discretion, an Independent Adviser appointed by the Issuer for such purpose pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

(i) will be conclusive and binding absent manifest error;

(ii) will be made in the sole discretion of the Issuer or the Independent Adviser; and

(iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

"**Benchmark**" means, initially, Compounded Daily SOFR, as such term is defined above; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded Daily SOFR (or the published daily SOFR used in the calculation thereof) or the then-current

Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer or, in the Issuer's discretion, an Independent Adviser appointed by the Issuer for such purpose as of the Benchmark Replacement Date:

(i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;

(ii) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or

(iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer or any such Independent Adviser as the replacement for the then-current Benchmark 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 or, in the Issuer's discretion, an Independent Adviser appointed by the Issuer for such purpose as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer or any Independent Adviser, as applicable, decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or such Independent Adviser decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or such Independent Adviser determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

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

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded Daily SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded Daily SOFR, the scheduled or customary time for publication of the relevant Benchmark in accordance with the then-prevailing operational procedures of the administrator of such Benchmark or, as the case may be, of the other relevant information service publishing such Benchmark, on, the relevant Interest Determination Date;

"**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.

Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under Condition 5.2(f)(iv) below will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 15 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

(iv) No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 5.2(f); and

(B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

(C) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(f), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

(g) Interest – Floating Rate Notes referencing €STR

(i) This Condition 5.2(g) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and the "Reference Rate" is specified in the relevant Final Terms as being "€STR".

(ii) Where "€STR" is specified as the Reference Rate in the Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as specified in the relevant Final Terms) the Margin (if any), all as determined by the Calculation Agent on each Interest Determination Date.

(iii) For the purposes of this Condition 5.2(g):

"**Compounded Daily €STR**" means, with respect to any Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term 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):

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{\text{€STR}_i \times n_i}{\mathrm{D}}\right)-1\right]\times\frac{\mathrm{D}}{d}$$

"**d**" means the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**D**" means the number specified as such in the relevant Final Terms (or, if no such number is specified, 360);

"**do**" means the number of TARGET Business Days in:

(i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

the "**€STR reference rate**", in respect of any TARGET Business Day, is a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET Business Day as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it 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 TARGET Business Day immediately following such TARGET Business Day (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of such rate);

"**€STR$_i$**" means the €STR reference rate for:

(i) where "*Lag*" is specified as the Observation Method in the relevant Final Terms, the TARGET Business Day falling "*p*" TARGET Business Days prior to the relevant TARGET Business Day "*i*"; or

(ii) where "*Observation Shift*" is specified as the Observation Method in the relevant Final Terms, the relevant TARGET Business Day "*i*".

"***i***" is a series of whole numbers from one to "d_o", each representing the relevant TARGET Business Day in chronological order from, and including, the first TARGET Business Day in:

(i) where "*Lag*" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

(ii) where "*Observation Shift*" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period,

to, and including, the last TARGET Business Day in such period;

"n_i" for any TARGET Business Day "*i*" in the relevant Interest Period or Observation Period (as applicable), means the number of calendar days from (and including) such TARGET Business Day "*i*" up to (but excluding) the following TARGET Business Day;

"**Observation Period**" means, in respect of any Interest Period, the period from (and including) the date falling "*p*" TARGET Business Days prior to the first day of the relevant Interest Period (and the final Interest Period shall begin on and include the Interest Commencement Date) to (but excluding) the date falling "*p*" TARGET Business Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) if applicable, such earlier date, if any, on which the Notes become due and payable; and

"**p**" for any latest Interest Period or Observation Period (as applicable), means the number of TARGET Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or, if no such number is specified, five TARGET Business Days and shall not be less than five unless otherwise agreed with the Agent).

"**TARGET Business Day**" means any day on which T2 is open.

(i) Subject to Condition 5.2(n) (*Benchmark Replacement (Independent Adviser)*), if, where any Rate of Interest is to be calculated pursuant to Condition 5.2(g)(ii) above, in respect of any TARGET Business Day in respect of which an applicable €STR reference rate is required to be determined, such €STR reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the €STR reference rate in respect of such TARGET Business Day shall be the €STR reference rate for the first preceding TARGET Business Day in respect of which €STR reference rate was published by the European Central Bank on its website, as determined by the Calculation Agent.

(ii) Subject to Condition 5.2(n) (*Benchmark Replacement (Independent Adviser)*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(g), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest

Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

(h) Interest – SONIA Compounded Index and SOFR Compounded Index

Where "Index Determination" is specified in the relevant Final Terms as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left(\frac{Compounded\ Index\ End}{Compounded\ Index\ Start} - 1\right) \times \frac{Numerator}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"**Compounded Index**" means either the SONIA Compounded Index or the SOFR Compounded Index, as specified in the relevant Final Terms;

"**d**" is the number of calendar days from (and including) the day on which the relevant Compounded $Index_{Start}$ is determined to (but excluding) the day on which the relevant Compounded $Index_{End}$ is determined;

"**End**" means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or 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 Period);

"**Index Days**" means, in the case of the SONIA Compounded Index, London Banking Days, and, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days;

"**Numerator**" means, in the case of the SONIA Compounded Index, 365 and, in the case of the SOFR Compounded Index, 360;

"**Relevant Decimal Place**" shall, unless otherwise specified in the Final Terms, be the fifth decimal place in the case of the SONIA Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.00000005 being rounded upwards);

"**Relevant Number**" is as specified in the applicable Final Terms, but, unless otherwise specified shall be five;

"**SONIA Compounded Index**" means the Compounded Daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source;

"**SOFR Compounded Index**" means the Compounded Daily SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source; and

"**Start**" means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

Provided that a Benchmark Event has not occurred in respect of the relevant Compounded Index, if, with respect to any Interest Period, the relevant rate is not published for the relevant Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the applicable Final Terms and as if Compounded Daily SONIA or

Compounded Daily SOFR had been specified instead in the Final Terms, and in each case "Observation Shift" had been specified as the Observation Method in the relevant Final Terms, and where the Observation Shift Period shall be deemed to be the same as the Relevant Number specified in the Final Terms and where, in the case of Compounded Daily SONIA, the Relevant Screen Page will be determined by the Issuer. For the avoidance of doubt, if a Benchmark Event has occurred in respect of the relevant Compounded Index, the provisions of Condition 5.2(n) (*Benchmark Replacement (Independent Adviser)*) shall apply.

(i) Interest – Reset Note Provisions

(i) This Condition 5.2(i) is applicable to the Notes only if the Interest - Reset Note Provisions are specified in the relevant Final Terms as being applicable.

(ii) Such Notes shall bear interest on the outstanding principal amount of the Notes:

(A) from (and including) the Interest Commencement Date specified in the relevant Final Terms until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;

(B) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(C) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

(iii) payable, in each case, in arrear on the Interest Payment Date(s) so specified in the relevant Final Terms (subject to adjustment as described in Condition 5.1 (*Interest on Fixed Rate Notes*)) and on the Maturity Date, as applicable. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 5.1 (*Interest on Fixed Rate Notes*).

(iv) If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Issuer shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 12:00 PM in the Relevant Financial Centre of the Specified Currency on the Reset Determination Date in question.

(v) If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

(vi) If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different Relevant Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Relevant Margin relating to the relevant Reset Period, in place of the Relevant Margin relating to that last preceding Reset Period).

(vii) If Reset Reference Rate Conversion is so specified as being applicable, the First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted from the Original Reset Reference Rate Basis specified in the relevant Final Terms to a basis which matches the per annum frequency of Interest Payment Dates in respect of the relevant Notes (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it).

(viii) For the purposes of this Condition 5.2(i):

"**First Margin**" means the margin specified as such in the relevant Final Terms;

"**First Reset Date**" means the date specified in the relevant Final Terms;

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date or date of any final redemption;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to this Condition 5.2(i), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the First Margin;

"**Initial Rate of Interest**" has the meaning specified in the relevant Final Terms;

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency);

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"**Mid-Swap Floating Leg Benchmark Rate**" means the rate as specified in the relevant Final Terms;

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to this Condition 5.2(i), either:

(i) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date, which appears on the Relevant Screen Page; or

(ii) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date, which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the Relevant Financial Centre of the Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"**Original Reset Reference Rate Basis**" has the meaning given in the relevant Final Terms and shall be annual, semi-annual, quarterly or monthly;

"**Rate of Interest**" means in the case of Reset Notes, the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute;

"**Reference Bond Price**" means, with respect to any Reset Determination Date (i) the arithmetic average (as determined by the Calculation Agent) of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average (as determined by the Calculation Agent) of all such quotations;

"**Reference Bond Rate**" means, with respect to any Reset Period, the rate per annum equal to the yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reset Reference Bond, assuming a price for the Reset Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reset Determination Date, as determined by the Calculation Agent, provided that if only one Reference Government Bond Dealer Quotation is received or if no Reference Government Bond Dealer Quotations are received in respect of the determination of the Reference Bond Price, the Rate of Interest shall not be determined by reference to the Reference Bond Rate and the Rate of Interest shall instead be, in the case of the First Reset Rate of Interest, the Initial Rate of Interest and, in the case of any Subsequent Reset Rate of Interest, the Rate of Interest as at the last preceding Reset Date (though substituting, where a different Relevant Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Relevant Margin relating to the relevant Reset Period, in place of the Relevant Margin relating to that last preceding Reset Period);

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

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

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

"**Relevant Margin**" means the First Margin and/or the Subsequent Margin(s), as the case may be, as specified in the relevant Final Terms;

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable), in each case as adjusted (if so specified in the relevant Final Terms) in accordance with Condition 5 (*Interest*) as if the relevant Reset Date was an Interest Payment Date;

"**Reset Determination Date**" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period, or in each case as specified in the relevant Final Terms;

"**Reset Determination Time**" means in relation to a Reset Determination Date, 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date or such other time as may be specified in the relevant Final Terms;

"**Reset Note**" means a Note on which interest is calculated at reset rates payable in arrear on a fixed date or dates in each year and/or at intervals of one, two, three, six or 12 months or at such other date or intervals as may be agreed between the Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Reset Reference Bond**" means for any Reset Period a government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall deemed to be Germany) agreed between the Issuer and the Determination Agent as having the nearest actual or interpolated maturity comparable with the relevant Reset Period and that (in the opinion of the Issuer, after consultation with the Determination Agent) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a maturity comparable to the relevant Reset Period;

"**Reset Reference Rate**" means either (i) the Mid-Swap Rate, or (ii) the Reference Bond Rate, as specified in the relevant Final Terms;

"**Second Reset Date**" means the date specified in the relevant Final Terms;

"**Subsequent Margin**" means the margin specified as such in the relevant Final Terms;

"**Subsequent Reset Date**" means the date or dates specified in the relevant Final Terms;

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date; and

"**Subsequent Reset Rate of Interes**t" means, in respect of any Subsequent Reset Period and subject to this Condition 5.2(i), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the relevant Subsequent Margin.

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

If the applicable Final Terms specify 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) 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 specify 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) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

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

In the case of Floating Rate Notes the 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 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 represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(ii) in the case of Floating Rate 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 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 5.2:

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

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" 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

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D_1**" 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

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

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

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{D_1}$" 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

"$\mathbf{D_2}$" 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.

(l) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period or Reset Period (as applicable) and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Reset Notes (as applicable) are for the time being listed (by no later than the first day of each Interest Period or Reset Period (as applicable)) and notice thereof to be published in accordance with Condition 15 (*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 or Reset Period (as applicable). Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes or Reset Notes (as applicable) are for the time being listed and to the Noteholders in accordance with Condition 15 (*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.

(m) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained, for the purposes of the provisions of this Condition 5.2, by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(n) Benchmark Replacement (Independent Adviser)

Other than in the case of a U.S. dollar-denominated floating rate Note for which the Reference Rate is specified in the relevant Final Terms as being "SOFR", if a Benchmark

Event occurs in relation to the Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) when the Rate of Interest (or any component part thereof) for any Interest Period or Reset Period (as applicable) remains to be determined by reference to such Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable), then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.2(n)(i)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 5.2(n)(ii)) and any Benchmark Amendments (in accordance with Condition 5.2(n)(iii)).

If, notwithstanding the use of reasonable endeavours, the Issuer is unable to appoint an Independent Adviser, or if an Independent Adviser is appointed by the Issuer but fails to make any relevant determination specified to be made by it under this Condition 5.2(n) prior to the relevant Interest Determination Date, the Issuer itself (acting in good faith and in a commercially reasonable manner) shall be entitled to make the relevant determination(s). In such case, remaining references in this Condition 5.2(n) to determinations made, or to be made, by the Independent Adviser shall be construed accordingly.

An Independent Adviser appointed shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent or the Noteholders for any determination made by it pursuant to this Condition 5.2(n) and the Fiscal Agent will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof.

(i) If the Independent Adviser determines in its discretion that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.2(n)(i)) subsequently be used in place of the Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 5.2(n) in the event of a further Benchmark Event affecting the Successor Rate; or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.2(n) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for the relevant Interest Period or Reset Period (as applicable) and all following Interest Periods or Reset Periods (as applicable), subject to the subsequent operation of this Condition 5.2(n)(i) in the event of a further Benchmark Event affecting the Alternative Rate.

(ii) If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) (which may be expressed as a specified quantum of, or a formula or methodology for determining, such Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).

(iii) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.2(n) and the Independent Adviser determines in its discretion (i) that amendments to these Conditions and/or the Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Days, Interest Determination Date, or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark

Amendments, then the Issuer shall, following consultation with the Calculation Agent (or the person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), subject to giving notice thereof in accordance with Condition 5.2(n)(iv), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as the Agent may be required in order to give effect to this Condition 5.2(n)).

(iv) If (A) the Issuer is unable to appoint an Independent Adviser or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5.2(n) prior to the relevant Interest Determination Date or Reset Determination Date (as applicable), and in any such case the Issuer does not itself make any such determination, as applicable, the Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) applicable to the relevant Interest Period or Reset Period (as applicable) shall be the Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) applicable as at the last preceding Interest Determination Date or Reset Determination Date (as applicable). If there has not been a first Interest Payment Date, the Reference Rate or the Mid-Swap Floating Leg Benchmark Rate (as applicable) shall be the Reference Rate applicable to the first Interest Period or the Mid-Swap Floating Leg Benchmark Rate applicable to the first Reset Period (as applicable). For the avoidance of doubt, any adjustment pursuant to this Condition 5.2(n) shall apply only to the relevant Interest Period or Reset Period (as applicable). Any subsequent Interest Period or Reset Period (as applicable) may be subject to the subsequent operation of this Condition 5.2(n)).

(v) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.2(n) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 15 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) No later than notifying the Agent of the same, the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5.2(n); and

(B) certifying that (1) the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread and (2) the intent of the drafting of such changes is solely to implement the relevant Benchmark Amendments.

The Agent shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof.

(i) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such

Benchmark Amendments (if any)) be binding on the Issuer, the Agent, the Calculation Agent, the other Paying Agents and the Noteholders.

(ii) Notwithstanding any other provision of this Condition 5.2(n), no Successor Rate or Alternative Rate or Adjustment Spread (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition5.2(n), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as:

(A) in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, eligible liabilities and/or loss-absorbing capacity of the Issuer and/or the Group; or

(B) in the case of Tier 2 Subordinated Notes, Tier 2 Subordinated Capital of the Issuer and/or the Group,

(iii) or, in the case of Senior Non-Preferred Notes only, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the Resolution Authority treating a future Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date for the purposes of qualification as eligible liabilities and/or loss-absorbing capacity of the Issuer and/or the Group.

(iv) As used in this Condition 5.2(n):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) 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 Reference Rate or Mid-Swap Floating Leg Benchmark Rate (as applicable) with the Successor Rate by any Relevant Nominating Body; or

(B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate or Mid-Swap Floating Leg Benchmark Rate (as applicable); or

(C) (if no such determination has been made) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate or Mid-Swap Floating Leg Benchmark Rate (as applicable), where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate or Mid-Swap Floating Leg Benchmark Rate (as applicable) with the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 5.2(n) is customary in market usage 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 Specified Currency;

"**Benchmark Amendments**" has the meaning given to it in this Condition 5.2(n);

"**Benchmark Event**" means with respect to the Rate of Interest, any one or more of the following:

(A) the relevant Mid-Swap Floating Leg Benchmark Rate or Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or

(B) a public statement by the administrator of the relevant Mid-Swap Floating Leg Benchmark Rate or Reference Rate (as applicable) that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Mid-Swap Floating Leg Benchmark Rate or Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(C) a public statement by the supervisor of the administrator of the relevant Mid-Swap Floating Leg Benchmark Rate or Reference Rate that such Mid-Swap Floating Leg Benchmark Rate or Reference Rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the relevant Mid-Swap Floating Leg Benchmark Rate or Reference Rate that means that such Mid-Swap Floating Leg Benchmark Rate or Reference Rate (as applicable) will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

(E) a public statement by the supervisor of the administrator of the relevant Mid-Swap Floating Leg Benchmark Rate or Reference Rate (as applicable) that, in the view of such supervisor, (i) such Mid-Swap Floating Leg Benchmark Rate or Reference Rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or (ii) the methodology to calculate such Mid-Swap Floating Leg Benchmark Rate or Reference Rate has materially changed; or

(F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable) or under that Regulation as retained in United Kingdom domestic law under the European Union (Withdrawal) Act 2018, as amended, in each case if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (B), (C), (D), or (E) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense;

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

(A) 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

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

"**Successor Rate**" means a successor to or replacement of the Mid-Swap Floating Leg Benchmark Rate or Reference Rate (as applicable) which is formally recommended by any Relevant Nominating Body.

5.3 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 Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

6. PAYMENTS

6.1 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.

6.2 Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*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 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

6.3 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 6.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive 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 form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons pertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Taxation*)) 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 form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) pertaining 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 form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive 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 Note.

6.4 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive 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.

6.5 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 his or her 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 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 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.

6.6 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 9 (*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;

  (ii) in each Additional Financial Centre (other than T2) specified in the applicable Final Terms;

  (iii) if T2 is specified as an Additional Financial Centre in the applicable Final Terms, on a day on which T2 is open; and

(b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which T2 is open.

6.7 Interpretation of principal and interest

Any reference in these 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 7 (*Redemption and Purchase*);

(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;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.9 (*Early Redemption Amounts*)) and

(f) 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 8 (*Taxation*).

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

(a) Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount (which shall be at least equal to the Nominal Amount of each Note) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) Senior Non-Preferred Notes will have a maturity as permitted in accordance with Applicable Banking Regulations in force at the relevant time.

(c) 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.

7.2 Redemption for tax reasons

Subject to Condition 7.6 (*Redemption at the option of the Issuer (Issuer Call)*), 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 Reset Note) or on any Interest Payment Date (if this Note is a Floating Rate Note or Reset 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 Agent and, in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if as a result of any change in, or amendment to, the laws or regulations of the Republic of Poland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after an agreement is reached to issue the first Tranche of the Notes:

(a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and

(b) in the case of Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes (as applicable), the Issuer is no longer entitled to claim a deduction in respect of any payments in computing its taxation liabilities or the value of such deduction to the Issuer would be materially reduced or the applicable tax treatment of the Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes (as applicable) changes,

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

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

(1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which the Issuer would

be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

(2) 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 Agent to make available at its specified office to the Noteholders: (A) a certificate signed by the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment; and (C) in the case of the Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes or the Tier 2 Subordinated Notes, if required under Applicable Banking Regulations, confirmation that the Competent Authority has given its consent to the redemption.

Upon the expiry of any such notice as is referred to in this Condition 7.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 7.2.

7.3 Early Redemption due to Capital Disqualification Event

If, in respect of Tier 2 Subordinated Notes only, 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 Agent and, in accordance with Condition 15 (*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 their principal amount, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

The appropriate notice referred to in this Condition 7.3 is a notice given by the Issuer to the Agent and the Noteholders, which notice shall be signed by the Issuer and shall specify:

(a) that a Capital Disqualification Event has occurred and is continuing;

(b) that the Issuer has obtained the prior written consent of the Competent Authority, provided that at the relevant time such consent is required to be given; and

(c) the due date for such redemption, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

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

Redemption of Tier 2 Subordinated Notes for regulatory reasons pursuant to this Condition 7.3 is subject to the prior consent of the Competent Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

For the purposes of these Conditions:

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

"**CRD**" means, taken together, the (i) CRD Directive, (ii) CRR Regulation and (iii) any CRD Implementing Measures;

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

7.4 Early Redemption due to MREL Disqualification Event

If, in the case of Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes where the MREL Disqualification Event has been specified as applicable in the applicable Final Terms only, following the MREL Requirement Date, a MREL Disqualification Event has occurred and is continuing, then the Issuer may, at its option and having given not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 15 (*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 their principal amount, 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 Agent and the Noteholders, which notice shall be signed by the Issuer and shall specify:

(a) that a MREL Disqualification Event has occurred and is continuing;

(b) that the Issuer has obtained the prior written consent of the Relevant Resolution Authority, provided that at the relevant time such consent is required to be given; and

(c) the due date for such redemption, which shall be not less than 30 nor more than 60 days after the date on which such notice is validly given.

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

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

Redemption of Notes pursuant to this Condition 7.4 will be subject to Condition 7.5 (*Restrictions on early redemption*).

For the purposes of these Conditions:

"**Applicable MREL Regulations**" means, at any time, the laws, regulations, requirements, guidelines and, policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of the Republic of Poland, and/or of the European Parliament or of the Council of the European Union then in effect in the Republic of Poland or any other relevant jurisdiction giving effect to MREL or any successor principles then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD, the BRRD and those regulations, requirements, guidelines and policies giving effect to MREL or any successor principles then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

"**MREL**" means the "minimum requirement for own funds and eligible liabilities" for credit institutions under the BRRD, set in accordance with Article 45 of the BRRD (as transposed in Poland or any other relevant jurisdiction), Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016, supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities, or any successor requirement under the EU legislation and relevant implementing legislation and regulation in Poland or any other relevant jurisdiction;

"**MREL Disqualification Event**" means in respect of the Senior Subordinated Notes, Senior Non-Preferred Notes and Senior MREL Notes, the determination by the Issuer that, as a result of any amendment to, or change in, or replacement of, the relevant Applicable Banking Regulations or any change in the application or official interpretation of any Applicable MREL Regulations, in any such case becoming effective on or after the Issue Date of the relevant Series of the Notes, the whole or any part of the outstanding aggregate principal amount of such Series at any time is not included in, ceases or (in the opinion of the Issuer or the Relevant Resolution Authority) will cease to count towards, the Issuer's or the Group's eligible liabilities and/or loss-absorbing capacity (in each case for the purposes of, and in accordance with, the relevant Applicable Banking Regulations and provided that such change was not reasonably foreseeable by the Issuer as at the Issue Date of such Series); ***provided that*** an MREL Disqualification Event shall not occur if such whole or part of the outstanding principal amount of the relevant Series of Notes is not included in, ceases or (in the opinion of the Issuer) will cease to count towards, such eligible liabilities and/or loss-absorbing capacity due to: (a) the remaining maturity of such Notes being less than the minimum period prescribed by the relevant Applicable Banking Regulations; or (b) any applicable limits on the amount of "eligible liabilities" (or any equivalent or successor term) permitted or allowed to meet any MREL Requirements applicable to the Issuer and/or the Group being exceeded;

"**MREL Requirement Date**" means the time from which the Issuer and/or the Group is obliged to meet any MREL Requirements; and

"**MREL Requirements**" means the minimum requirement for own funds and eligible liabilities applicable to the Issuer and/or the Group under the Applicable MREL Regulations.

7.5 Restrictions on early redemption

(a) The Issuer may redeem in accordance with the terms of these Conditions (and give notice thereof to the Noteholders) the Senior MREL Notes, Senior Non-Preferred Notes, Senior Subordinated Notes and Tier 2 Subordinated Notes only if such redemption is in accordance with the Applicable Banking Regulations and it has been granted the approval of or permission from (in the case of the Tier 2 Subordinated Notes) the Competent Authority or (in the case of the Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes) the Relevant Resolution Authority and:

(i) before or at the same time as such redemption or repurchase of any Notes, the Issuer replaces such Notes with own funds instruments (or, in the case of the Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, eligible liabilities instruments) of an equal or higher quality at terms that are sustainable for its income capacity; or

(ii) the Issuer has demonstrated to the satisfaction of the Competent Authority (in the case of Tier 2 Subordinated Notes) or the Relevant Resolution Authority (in the case of the Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes) that its own funds and eligible liabilities would, following such redemption or repurchase, exceed the requirements (in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, for own funds and eligible liabilities) under CRD and BRRD by a margin that (in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes) the Relevant Resolution Authority, in agreement with the Competent Authority, or (in the case of Tier 2 Subordinated Notes) the Competent Authority, considers necessary; or

(iii) in the case of the Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes only, the Issuer has demonstrated to the satisfaction of the Relevant Resolution Authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRD for continuing authorisation; and

(iv) in the case of redemption of Tier 2 Subordinated Notes before five years after the Issue Date of the last Tranche of such Series of Notes if the conditions listed in sub-paragraph (i) or (ii) above and one of the following conditions are met:

(A) in the case of redemption due to the occurrence of a Capital Disqualification Event, (i) the Competent Authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Disqualification Event was not reasonably foreseeable at the time of the issuance of the Notes; or

(B) in the case of redemption due to the occurrence of a taxation reason, the Issuer demonstrates to the satisfaction of the Competent Authority that the change in tax treatment is material and was not reasonably foreseeable at the Issue Date of the most recent Tranche of the Notes of the relevant Series;

(C) before or at the same time as such redemption or repurchase of the relevant Notes, the Issuer replaces the Notes with own funds instruments of an equal or higher quality at terms that are sustainable for its income capacity and the Competent Authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(D) the Notes are repurchased for market-making purposes.

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

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

This Condition 7.6 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than where Condition 7.2 (*Redemption for tax reasons*) applies), such option being referred to as an "Issuer Call". The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 7.6 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If an 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 15 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not part) of the relevant Series of 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 Notes or Subordinated Notes, redemption at the option of the Issuer pursuant to this Condition 7.6 will be subject to the prior consent of the Competent Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

7.7 Redemption at the option of the Issuer (Clean-up Call)

This Condition 7.7 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer, such option being referred to as an "Issuer Clean-up Call". The applicable Final Terms contains provisions applicable to any Issuer Clean-up Call and must be read in conjunction with this Condition 7.7 for full information on any Issuer Clean-up Call. In particular, the applicable Final Terms will identify the Clean-up Call Threshold, the Optional Redemption Amount (Clean-up Call) and the applicable notice periods.

If Issuer Clean-up Call is specified in the applicable Final Terms as being applicable, and if, at any time (other than as a direct result of a redemption of some, but not all, of the Notes at the Issuer's option pursuant to Condition 7.6 (*Redemption at the option of the Issuer (Issuer Call))*), the outstanding aggregate principal amount of the Notes is 25 per cent. (or such other amount as is specified in the applicable Final Terms) or less of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 17 (*Further Issues*) and consolidated with the Notes as part of the same Series shall be deemed to have been originally issued) (the "**Clean-up Call Threshold**"), the Issuer may redeem all (but not some only) of the remaining outstanding Notes on any date (or, if the Floating Rate Note Provisions are specified in the applicable Final Terms as being applicable, on any Interest Payment Date) upon giving not less than 15 nor more than 30 days' notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) (which notice shall specify the date for redemption and shall be irrevocable), at the Optional Redemption Amount (Clean-up Call) together with any accrued and unpaid interest up to (but excluding) the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 7.7, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the outstanding aggregate principal amount of the Notes is equal to or less than the Clean- up Call Threshold. The Fiscal Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

In the case of the Senior MREL Notes, Senior Non-Preferred Notes or Subordinated Notes, redemption at the option of the Issuer pursuant to this Condition 7.7 will be subject to the prior consent of the Competent Authority if and as required therefor under Applicable Banking Regulations and may only take place in accordance with Applicable Banking Regulations in force at the relevant time.

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

This Condition 7.8 applies to Ordinary Senior Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an "**Investor Put**". The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 7.8 for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

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 15 (*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 or within the time period(s) specified in the applicable Final Terms (the "**Put Period(s)**") (in the case of a Put Period such notice shall specify an Optional Redemption Date for the Notes) 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 at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the then current form obtainable from any specified office of any Paying Agent or (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition, and 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 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, or by them to the 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 7.8 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.8 and instead to declare such Note forthwith due and payable pursuant to Condition 10 (*Events of Default*).

7.9 Early Redemption Amounts

For the purpose of Condition 7.2 (*Redemption for tax reasons*) and Condition 10 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price of the first Tranche of the Series, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

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

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).

7.10 Purchases

Subject to Condition 7.5 (*Restrictions on early redemption*), the Issuer or any Subsidiary of the Issuer may at any time purchase Notes (**provided that**, in the case of definitive Notes, all unmatured Coupons and Talons pertaining 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 its approval or permission as described above will not constitute an Event of Default under the relevant Notes.

7.11 Cancellation

All Notes purchased for cancellation 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 7.8 (*Redemption at the option of the Noteholders (Investor Put)*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

7.12 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 7.1 (*Redemption at maturity*), 7.2 (*Redemption for tax reasons*), 7.3 (*Early Redemption due to Capital Disqualification Event*) or 7.4 (*Early Redemption due to MREL Disqualification Event*) above or upon its becoming due and repayable as provided in Condition 10 (*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 7.9(c) (*Early Redemption Amounts*) 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 Agent and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

8. 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 Notes, Senior Subordinated Notes or Tier 2 Subordinated Notes, as would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(a) held by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with a Tax Jurisdiction other than the mere holding of the Note or Coupon;

(b) where the relevant Note or Coupon is presented or surrendered 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 such additional amounts on presenting or surrendering such Note or Coupon or payment on the last day of such period of 30 days; or

(c) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof.

As used herein:

(i) "**Tax Jurisdiction**" means Poland or any other jurisdiction, or any political subdivision or any authority thereof or therein having power to tax; 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 Agent 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 15 (*Notices*).

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, Receipts 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.

9. PRESCRIPTION

The Notes 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 8 (*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 6.3 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 6.3 (*Presentation of definitive Notes and Coupons*).

10. EVENTS OF DEFAULT

10.1 Events of Default relating to Ordinary Senior Notes

This Condition 10.1 is applicable in relation to Ordinary Senior Notes only.

The following events or circumstances (each an "**Event of Default**") shall be events of default in relation to the Ordinary Senior Notes of any Series, namely:

(a) Non-payment

The Issuer fails to pay any amount of interest or principal due in respect of the Ordinary Senior Notes of the relevant Series or any of them on the due date for payment thereof and such default continues for a period of seven days on which banks are open for business in Poland; or

(b) Breach of Other Obligations

If the Issuer fails to perform or observe any of its other material obligations under these Conditions in respect of the Ordinary Senior Notes of the relevant Series or the Agency Agreement and (except in any case where the failure is incapable of remedy when no continuation or notice as hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by any holder of the Ordinary Senior Notes on the Issuer of notice requiring the same to be remedied; or

(c) Cross Acceleration

If any Relevant Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of any event of default (however described) or the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Relevant Indebtedness on the due date thereof as extended by any applicable grace period or if default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Relevant Indebtedness of any other person, **provided that** no such event shall constitute an Event of Default unless the Relevant Indebtedness or other relative liability either alone or when aggregated with other Relevant Indebtedness and/or other liabilities relative to all (if any) other such event which shall have occurred and be continuing shall amount to at least €15,000,000 or its equivalent in any other currency; or

(d) Dissolution

If any order is made by any competent court or a resolution is passed for the dissolution of the Issuer or any of its Material Subsidiaries, save for, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent; or

(e) Cessation of Business

If the Issuer or any of its Material Subsidiaries ceases or announces an intention to cease to carry on the whole or substantially the whole of its business, save for (i) 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 other instances; (ii) the purposes of a reorganisation of the Issuer and any such Material Subsidiary on terms approved by an Extraordinary Resolution of the Noteholders or (iii) as otherwise permitted by applicable law; or

(f) Insolvency/Winding up

If (i) the Issuer is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; (ii) proceedings are initiated against any of the Issuer's Material Subsidiaries under any applicable bankruptcy, restructuring, liquidation, insolvency or composition laws or a receiver or manager under or in respect of any such law is appointed in relation to any of the Issuer's Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or any encumbrance takes possession of the whole or substantially the whole of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them, and (iii) in any case is not discharged within two months; or if any of the Issuer's Material Subsidiaries initiates or consents to judicial or other proceedings relating to itself under any applicable bankruptcy, restructuring, liquidation, insolvency or composition laws or makes a transfer of title or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) in relation to any such law or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) under any above law.

(g) 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.

10.2 Definitions

In these Conditions:

"**Auditors**" means the auditors from time to time of the Issuer, as the context may require, or, in the event of any of them being unable or unwilling to carry out any actions requested of them pursuant to these Conditions, means any other firm of certified accountants of international standing or repute in Poland nominated by the Issuer;

"**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.

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

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

However, if an order is made by any competent court commencing insolvency proceedings against the Issuer or if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer and such order is continuing, then any Holder of a Note may, unless there has been a resolution to the contrary by the Noteholders, by written notice addressed by the Noteholder thereof to the Issuer and delivered to the Issuer and to the Specified Office of the Issue and Principal Paying Agent (and addressed to the Issuer), be declared immediately due and payable, whereupon the principal amount of such Notes together with any accrued and unpaid interest thereon to the date of payment shall become immediately due and payable without further action or formality.

10.4 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 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*), will be an Event of Default.

10.5 Occurrence of Event of Default

Subject to Condition 10.3 (*Events of Default relating to Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes and Tier 2 Subordinated Notes*) if any Event of Default shall occur and be continuing in relation to any Series, any holder of a Note of the relevant Series may, by written notice to the Issuer, at the specified office of the Paying Agent, declare that such Note and (if the Note is interest-bearing) all interest then accrued on such Note shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (which shall be its outstanding principal amount or, if such Note is non interest bearing, its Amortised Face Amount (as defined in Condition 7.9(c) (*Early Redemption Amounts*) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms, together with all interest (if any) accrued thereon without presentation, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in such Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Notes of the relevant Series shall have been cured.

11. SUBSTITUTION AND VARIATION

If Substitution and Variation is specified in the relevant Final Terms as being applicable to the Notes and (i) a Capital Disqualification Event, (ii) an MREL Disqualification Event or (iii) a circumstance giving rise to the right of the Issuer to redeem the Notes for taxation reasons under Condition 7.2 (*Redemption for tax reasons*) occurs and is continuing, or to ensure the effectiveness or enforceability of Condition 20 (*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 15 (*Notices*) and the 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*** in each case

(a) such variation or substitution does not itself give rise to any right of the Issuer to redeem the varied or substituted securities;

(b) 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 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*)); and

(c) such variation or substitution is not materially less favourable to Noteholders of the relevant Notes (unless any such prejudice is solely attributable to the effectiveness and enforceability of Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*)).

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

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new Conditions of the Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

Noteholders shall, by virtue of subscribing and/or purchasing and holding any Notes, be deemed to accept the substitution or variation of the terms of such Notes and to grant to the Issuer full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of the Noteholders which is necessary or convenient to complete the substitution or variation of the terms of the Notes.

In these Conditions:

"**Qualifying Notes**" means, at any time, any securities denominated in the Specified Currency and issued directly by the Issuer that, other than in respect of the effectiveness and enforceability of Condition 20 (*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 11, the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to this Condition 11, the date such variation becomes effective, provided that such securities shall:

(a) (i) in the case of Senior MREL Notes, Senior Non-Preferred Notes or Senior Subordinated Notes, if the MREL Requirement Date has occurred, contain terms which comply with the then-current requirements for MREL-eligible Notes as embodied in the Applicable MREL Regulations, and (ii) in the case of Tier 2 Subordinated Notes, contain terms which comply with the then-current requirements for their inclusion in the Tier 2 Subordinated Capital of the Issuer; and

(b) carry the same rate of interest as the Notes prior to the relevant substitution or variation pursuant to this Condition 11 (*Substitution and Variation*); and

(c) have the same denomination and aggregate outstanding principal amount as the Notes prior to the relevant substitution or variation pursuant to this Condition 11 (*Substitution and Variation*); and

(d) 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 11 (*Substitution and Variation*); and

(e) have at least the same ranking; and

(f) 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 7.2 (*Redemption for tax reasons*), as applicable; and

(g) 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 11 (*Substitution and Variation*).

12. 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 Agent upon payment by the claimant of such costs, taxes, duties and expenses as may be incurred in connection therewith and on such terms as to evidence security and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

13. AGENTS

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

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

(a) there will at all times be an Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent, which may be the Agent, 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 immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly in accordance with Condition 15 (*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.

14. 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 pertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

15. NOTICES

All notices regarding the 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.bankmillennium.pl/en/about-the-bank/investor-relations 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. 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.

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) 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, such notice will be published in such manner as may be required by the rules of that stock exchange or relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on 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 Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a

Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION AND SUBSTITUTION

The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening (including by way of conference call or by use of a videoconference platform) meetings of the holders of Notes of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution (as defined in the Agency Agreement) of the Notes, the Coupons or any of the provisions of the Agency Agreement or the Deed of Covenant. 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 or the Deed of Covenant or the Agency Agreement (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), 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. An Extraordinary Resolution passed at any meeting of the holders of Notes of any Series will be binding on all holders of the Notes of such Series, whether or not they are present and/or voting at the meeting, and on all holders of Coupons relating to Notes of such Series.

The Issuer may, with the consent of the Agent, but without the consent of the holders of the Notes of any Series or Coupons, agree to:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or

(b) any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

In addition, the parties to the Agency Agreement may agree such modifications to the Agency Agreement, the Notes, these Conditions and the Deed of Covenant as may be required in order to give effect to Condition 5.2(n) (*Benchmark Replacement (Independent Adviser))* in connection with effecting any Alternative Reference Rate, Successor Rate, Adjustment Spread or Benchmark Amendments referred to in Condition 5.2(n) (*Benchmark Replacement (Independent Adviser))* without the requirement for the consent or sanction of the Noteholders or Couponholders.

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 15 (*Notices*) above as soon as practicable thereafter.

The Issuer, or any previous substituted company, may, at any time, without the consent of the holders of the Notes of any Series or Coupons, substitute for itself as principal debtor under the Notes, the Coupons and the Talons 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 8, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each holder of a Note, Coupon or Talon 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, Talon 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, Talons 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 Notes, Coupons, Talons 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, (v) legal opinions addressed to the holders of Notes shall have been delivered to them (care of the 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 and (vi) 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 10 (*Events of Default*) to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 (*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.

17. 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.

18. 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.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 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, and shall be, governed by, and construed in accordance with, English law except the provisions of Condition 2 (*Status of the Notes*) and Condition 20 (*Acknowledgment of Bail-in and Loss Absorption Powers*) which shall be governed by, and construed in accordance with, Polish law.

19.2 Submission to jurisdiction

(a) 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 19.2, each of the Issuer and any Noteholders or Couponholders taking proceedings in relation to any Dispute waives any objection to the

English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

19.3 Appointment of Process Agent

The Issuer irrevocably appoints Banco Comercial Portugues, S.A., London Representative Office at its office at 3rd Floor, 63 Queen Victoria Street, London EC4V 4UA, United Kingdom as its agent for service of process, in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Banco Comercial Portugues, S.A., London Representative Office 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.

19.4 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.

20. ACKNOWLEDGMENT OF BAIL-IN AND LOSS ABSORPTION POWERS

20.1 Notwithstanding, and to the exclusion of, any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 20, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

(a) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:

(i) the reduction of all, or a portion, of the Relevant Amounts 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 or Coupons the Relevant Amounts in respect of the Notes;

(iv) amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date(s) on which interest becomes payable, including by suspending payment for a temporary period; and

(v) the variation of the terms of the Notes, if necessary, to give effect to the exercise of any Polish bail-in power by the Competent Authority and/or the Relevant Resolution Authority.

(b) By its acquisition of the Notes, each Noteholder (including, for these purposes, each holder of a beneficial interest in the Notes): (i) acknowledges, accepts, consents and agrees to be bound by the exercise of any Bail-in and Loss Absorption Powers as may be exercised without any prior notice by the Competent Authority and/or the Relevant Resolution Authority of its decision to exercise such power with respect to such Notes;

and (ii) shall be deemed to have authorised, directed and requested Euroclear and Clearstream, Luxembourg, any accountholder in Euroclear or Clearstream, Luxembourg or other intermediary through which it holds such Notes to take any and all necessary action, if required, to implement the exercise of any Bail-in and Loss Absorption Powers with respect to such Notes as it may be exercised, without any further action or direction on the part of such Noteholder or any Agent.

(c) Upon the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable regarding such exercise of the Bail-in and Loss Absorption Powers. The Issuer will also deliver a copy of such notice to the Agents for information purposes. Each Noteholder acknowledges, accepts, consents and agrees that any delay or failure by the Issuer to notify the Noteholders under this paragraph shall not affect (or be deemed to operate to affect) the validity and enforceability of the exercise of Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority.

(d) Neither a reduction or cancellation, in part or in full, of the principal or any other redemption amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes, the conversion thereof into another security or obligation of the Issuer or another person or the variation of the terms of the Notes, as a result of the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Bail-in and Loss Absorption Powers by the Competent Authority and/or the Relevant Resolution Authority with respect to the Notes pursuant to this Condition 20, 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.

USE OF PROCEEDS

The 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.

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

Presentation of financial information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Group has been derived from the audited consolidated financial statements of the Group for the financial years ended 31 December 2022 and 2021 and the unaudited condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2023.

The Group's financial year ends on 31 December and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Group's annual financial statements have been prepared in accordance with IFRS as adopted by the EU. The Group's interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

Selected financial information

In the year ended 31 December 2022, the Group posted a consolidated net loss of PLN 1,014.6 million. In the financial year ended 31 December 2021 the Group had a consolidated net loss of PLN 1,331.9 million. The costs related to CHF Mortgage Loans, such as provisions related to legal risk and costs of converting the CHF Mortgage Loans into PLN-denominated loans, the costs of credit holidays and the Group's contribution to the institutional protection scheme were the main factors affecting the Group's financial results in 2022. Following an adjustment for these costs and taking into account the hypothetical banking tax for the second half of 2022, the Group would have a net profit of PLN 2,239 million in 2022, compared to PLN 1,098.3 million in 2021.

The Group's total operating income in 2022 was PLN 4,008.5 million, compared with PLN 3,558.1 million in the financial year 2021, which represents an increase of 12.7 per cent. Total operating income is calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other income, other operating income and other operating expenses.

Core income, defined as a combination of net interest and net commission income, was PLN 4,145.6 million in 2022, a 17.0 per cent. increase as compared to 2021. Net interest income in 2022 reached PLN 3,337.3 million and increased by 23.0 per cent. as compared to 2021. However, the net interest income in 2022 was significantly affected by the credit holidays for borrowers under retail mortgage loans denominated in PLN. The total estimated cost of credit holidays estimated in 2022 and 2023, recognised in the Group's financial results for 2022 was PLN 1,324.2 million. The Group's net interest income in 2022 without the costs of credit holidays would be PLN 4,661.5 million, a 71.8 per cent. increase as compared to 2021. A series of reference rate increases by the MPC, up to 6.75 per cent., was the main factor contributing to the increase of net interest income.

The net interest margin (over average interest earning assets) in 2022 reached 4.43 per cent. and was 173 basis points higher compared with 2021.

Net commission income in 2022 amounted to PLN 808.3 million, a 2.7 per cent. decrease as compared with 2021. One of the main reasons for this decrease was the obligation to reimburse the borrowers under retail mortgage loans for the costs of the bridge insurance which was one of the collaterals provided by the borrower. Additionally, the fees for management and distribution of investment fund units and other investment products decreased strongly because of the unfavourable conditions in the capital markets.

Other non-interest income, which comprises foreign exchange results, results on financial assets and liabilities (without fair value adjustment on credit portfolios) and net other operating income and costs, was negative in 2022 and amounted to PLN -137.1 million. The main item negatively affecting the other non-interest income in 2022 were the costs relating to settlements with borrowers under the CHF Mortgage Loans.

Total operating costs, defined as personnel costs and other administrative costs, including depreciation and amortisation and contributions to the BGF and the institutional protection scheme, amounted to PLN 2,093.2 million in 2022, a 27.5 per cent. increase compared to 2021. The main reason for the increase in costs were the high contributions to the BGF and the institutional protection scheme, which were 236 per cent. higher than in 2021. The personnel costs increased by 12 per cent., mainly as a result of high inflationary pressure on salaries and the general increase of salaries in Poland.

The cost-to-income ratio for 2022 was 39.3 per cent. and was lower by 6.9 percentage points as compared to 2021. Adjusted cost-to-income ratio, i.e. without costs related to CHF Mortgage Loans and extraordinary items was 36.2 per cent. in 2022 and was 6.2 percentage points lower compared to 2021.

Total cost of risk, which includes net impairment provisions, fair value adjustment of a part of a credit portfolio and result on modifications, borne by the Group in 2022 was PLN 358.0 million and was 20.0 per cent. higher than in 2021. Risk charges for the retail segment were the main reason for the increased cost of risk. In relative terms, the cost of risk (i.e. net charges to average gross loans) for 2022 reached 44 basis points compared to 37 basis points in 2021.

The Group's assets as at 31 December 2022 were PLN 110,942.0 million and were higher by 6.8 per cent. compared to 31 December 2021. The Group's total net loans reached PLN 76,565.2 million as at 31 December 2022 and decreased by 3 per cent. year-on-year. CHF Mortgage Loans net of provisions decreased by 30 per cent. during 2022 and the share of the CHF Mortgage Loans (excluding the loans originated by Euro Bank S.A. ("**Euro Bank**") in total gross loans decreased to 8.1 per cent. as at 31 December 2022 from 11.4 per cent. as at 31 December 2021.

The value of debt securities held by the Group reached PLN 20,470.7 million at the end of December 2022 and was 12 per cent. higher than the year before. The increase of debt securities portfolio was a consequence of assets/liabilities and interest margin management policy and was correlated with the changes of loans and deposits. Debt securities issued by the State Treasury and the NBP constituted 80.6 per cent. of the Group's debt securities portfolio as at 31 December 2022.

As at 31 December 2022 liabilities accounted for 95 per cent., while equity for the remaining 5 per cent. of the Group's total liabilities and equity capital (PLN 110,942.0 million).

Customer deposits constituted the main item within liabilities, with an amount of PLN 98,038.5 million on 31 December 2022. Customer deposits constituted the main source of financing of Group's activities and incorporated primarily, customers' funds in current and saving accounts.

Financial liabilities valued at fair value through profit and loss account and derivative instruments included, primarily, negative valuation of derivatives for trading or hedging and liabilities resulting from securities subject to short sale and as at 31 December 2022 amounted to PLN 939.6 million, a 24 per cent. increase compared to 31 December 2021, mainly due to increasing negative valuation of derivatives for trading.

The value of provisions as on 31 December 2022 was PLN 1,016.2 million and increased by PLN 420.7 million or 70.6 per cent. as compared to 31 December 2021. The reason for the increase was the creation of new provisions for legal issues, especially claims related to CHF Mortgage Loans.

The value of senior securities issued by the Group was PLN 243.8 million on 31 December 2022, a 516 per cent. increase as compared to 31 December 2021. The increase was the result of the Bank issuing credit-linked notes as a part of a synthetic securitisation transaction concerning the Bank's corporate loans portfolio.

As at 31 December 2022 the value of the Group's subordinated debt was PLN 1,568.1 million.

As at 31 December 2022, the equity capital of the Group was PLN 5,494.4 million, an 18 per cent. decrease as compared to 31 December 2021. The main factors affecting the Group's equity capital were the net loss recorded by the Group and the negative valuation of the debt securities and hedging instruments held by the Group.

	1 January 2022 – 31 December 2022	**1 January 2021 – 31 December 2021**
	(*PLN thousand*)	
Interest income and other of similar nature	4,999,897	2,842,093
Fee and commission income	1,027,745	1,012,250
Profit (loss) before income tax	(730,755)	(1,000,943)
Profit (loss) after taxes	(1,014,566)	(1,331,866)
Total comprehensive income of the period	(1,198,217)	(2,390,356)

	1 January 2022 – 31 December 2022	1 January 2021 – 31 December 2021
	(*PLN thousand*)	
Net cash flows from operating activities	9,994,922	2,787,342
Net cash flows from investing activities	1,218,949	(556,582)
Net cash flows from financing activities	(355,026)	(444,950)
Net cash flows, total	10,858,845	1,785,810
Earnings (losses) per ordinary share	(0.84)	(1.10)
Diluted earnings (losses) per ordinary share	(0.84)	(1.10)
Total Assets	110,941,969	103,913,908
Liabilities to banks and other monetary institutions	727,571	539,408
Liabilities to customers	98,038,516	91,447,515
Equity	5,494,406	6,697,246
Share capital	1,213,117	1,213,117
Number of shares	1,213,116,777	1,213,116,777
Book value per share	4.53	5.52
Diluted book value per share	4.53	5.52
Total Capital Ratio	14.42%	17.06%
Pledged or paid dividend per share	-	-

Group financial information for the years ended 31 December 2022 and 31 December 2021 and for the six-months periods ended 30 June 2023 and 30 June 2022

Consolidated income statement for the financial years ended 31 December 2022 and 31 December 2021

	1 January 2022 – 31 December 2022	1 January 2021 – 31 December 2021
	(*PLN thousand*)	
Net interest income	**3,337,291**	**2,713,143**
Interest income and other of similar nature	4,999,897	2,842,093
Income calculated using the effective interest method	5,028,694	2,778,204
Interest income from financial assets at amortised cost, including:	4,560,119	2,620,651
the impact of the adjustment to the gross carrying amount of loans due to credit holidays	(1,324,208)	0
Interest income from financial assets at fair value through other comprehensive income	468,575	157,553
Income of similar nature to interest from financial assets at fair value through profit or loss	(28,797)	63,889
Interest expenses	(1,662,606)	(128,950)
Net fee and commission income	**808,305**	**830,612**
Fee and commission income	1,027,745	1,012,250
Fee and commission expenses	(219,440)	(181,638)
Dividend income	3,796	3,761
Results on derecognition of financial assets and liabilities not measured at fair value through profit or loss	(2,606)	9,669
Results on financial assets and liabilities held for trading	(312)	(9,296)
Results on non-trading financial assets mandatorily at fair value through profit or loss	25,696	124,538
Result on hedge accounting	(7,130)	(3,185)
Result on exchange differences	(203,544)	(148,999)
costs of settlements of foreign currency mortgage loans	(382,239)	(364,525)
Other operating income	276,245	317,295
Other operating expenses	(216,720)	(239,510)
Administrative expenses	(1,884,259)	(1,440,706)
Impairment losses on financial assets	(342,033)	(318,391)
Impairment losses on non-financial assets	(3,515)	(7,672)
Provisions for legal risk connected with FX mortgage loans	(2,017,320)	(2,305,157)
Result on modification	(126,664)	(12,839)

	1 January 2022 – 31 December 2022	1 January 2021 – 31 December 2021
	(*PLN thousand*)	
costs of settlements of foreign currency mortgage loans	(102,153)	0
Depreciation	(208,922)	(201,595)
Share of the profit of investments in subsidiaries	0	0
Banking tax	(169,063)	(312,611)
Profit before income taxes	**(730,755)**	**(1,000,943)**
Corporate income tax	(283,811)	(330,923)
Profit after taxes	**(1,014,566)**	**(1,331,866)**
Attributable to:		
Owners of the parent	**(1,014,566)**	**(1,331,866)**
Non-controlling interests	0	0
Weighted average number of outstanding ordinary shares (pcs.)	**1,213,116,777**	**1,213,116,777**
Profit (loss) per ordinary share (in PLN)	(0.84)	(1.10)

Consolidated statement of profit and loss for the six-months period ended 30 June 2023 and 30 June 2022

	1 January 2023 – 30 June 2023	1 January 2022 – 30 June 2022
	(*PLN thousand*)	
Net interest income	**2,597,950**	**2,139,921**
Interest income and other of similar nature	4,158,958	2,551,239
Income calculated using the effective interest method	4,108,816	2,582,637
Interest income from Financial assets at amortised cost	3,662,077	2,384,667
Interest income from Financial assets at fair value through other comprehensive income	446,739	197,970
Result of similar nature to interest from Financial assets at fair value through profit or loss	50,142	(31,398)
Interest expenses	(1,561,008)	(411,318)
Net fee and commission income	**403,952**	**426,938**
Fee and commission income	524,599	528,405
Fee and commission expenses	(120,647)	(101,467)
Dividend income	3,127	3,060
Result on derecognition of financial assets and liabilities not measured at fair value through profit or loss	540,643	(1,493)
Results on financial assets and liabilities held for trading	1,434	(5,167)
Result on non-trading financial assets mandatorily at fair value through profit or loss	7,266	2,341
Result on hedge accounting	309	(3,347)
Result on exchange differences	(20,757)	(123,015)
Other operating income	184,596	140,978
Other operating expenses	(146,906)	(77,907)
Administrative expenses	(864,529)	(1,058,829)
Impairment losses on financial assets	(152,273)	(147,575)
Impairment losses on non-financial assets	230	(2,969)
Provisions for legal risk connected with FX mortgage loans	(1,620,620)	(1,014,630)
Result on modification	(53,550)	(8,804)
Depreciation	(105,446)	(104,227)
Share of the profit of investments in subsidiaries	0	0
Banking tax	0	(168,824)
Profit before income taxes	**775,426**	**(3,549)**
Corporate income tax	(417,508)	(259,052)
Profit after taxes	**357,918**	**(262,601)**
Attributable to:		
Owners of the parent	357,918	(262,601)
Non-controlling interests	0	0
Weighted average number of outstanding ordinary shares (pcs.)	1,213,116,777	1,213,116,777
Profit (loss) per ordinary share (in PLN)	**0.30**	**(0.22)**

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

	1 January 2022 – 31 December 2022	1 January 2021 – 31 December 2021
	(*PLN thousand*)	
Result after taxes	**(1,014,566)**	**(1,331,866)**
Other comprehensive income items that may be (or were) reclassified to profit or loss	(231,194)	(1,312,027)
Result on debt securities at fair value through other comprehensive income	(204,045)	(977,534)
Hedge accounting	(27,149)	(334,493)
Other comprehensive income items that will not be reclassified to profit or loss	4,464	5,249
Actuarial gains (losses)	8,887	6,071
Result on equity instruments at fair value through other comprehensive income	(4,423)	(822)
Total comprehensive income items before taxes	(226,730)	(1,306,778)
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	43,927	249,285
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	(848)	(997)
Total comprehensive income items after taxes	**(183,651)**	**(1,058,490)**
Total comprehensive income for the period	**(1,198,217)**	**(2,390,356)**
Attributable to:		
Owners of the parent	(1,198,217)	(2,390,356)
Non-controlling interests	0	0

Consolidated statement of total comprehensive income for the six months period ended 30 June 2023 and 30 June 2022

	1 January 2023 – 30 June 2023	1 January 2022 – 30 June 2022
	(PLN thousand)	
Profit after taxes	357,918	(262,601)
Other comprehensive income items that may be (or were) reclassified to profit or loss	623,392	(804,029)
Result on debt securities	416,488	(619,013)
Hedge accounting	206,904	(185,016)
Other comprehensive income items that will not be reclassified to profit or loss	(84)	(27)
Actuarial gains (losses)	(84)	0
Result on equity instruments	0	(27)
Total comprehensive income items before taxes	**623,308**	**(804,056)**
Corporate income tax on other comprehensive income items that may be (or were) reclassified to profit or loss	(118,444)	152,766
Corporate income tax on other comprehensive income items that will not be reclassified to profit or loss	16	5
Total comprehensive income items after taxes	**504,879**	**(651,285)**
Total comprehensive income for the period	**862,797**	**(913,886)**
Attributable to:		
Owners of the parent	862,797	(913,886)
Non-controlling interests	0	0

Consolidated balance sheet as 31 December 2022 and 31 December 2021

	31 December 2022	31 December 2021
	(*PLN thousand*)	
ASSETS		
Cash, cash balances at central banks	9,536,090	3,179,736
Financial assets held for trading	**363,519**	**172,483**
Derivatives	339,196	85,900
Equity instruments	113	145
Debt securities	24,210	86,438
Non-trading financial assets mandatorily at fair value through profit or loss, other than loans and advances to customers	**201,036**	**265,903**
Equity instruments	128,979	138,404
Debt securities	72,057	127,499
Financial assets at fair value through other comprehensive income	**16,505,606**	**17,997,699**
Equity instruments	24,396	28,727
Debt securities	16,481,210	17,968,972
Loans and advances to customers	**76,565,163**	**78,603,326**
Mandatorily at fair value through profit or loss	97,982	362,992
Value at amortised cost	76,467,181	78,240,334
Financial assets at amortised cost other than loans and advances to customers	**4,631,170**	**1,076,456**
Debt securities	3,893,212	37,088
Deposits, loans and advances to banks and other monetary institutions	733,095	770,531
Reverse sale and repurchase agreements	4,863	268,837
Derivatives – hedge accounting	135,804	14,385
Investments in subsidiaries, joint ventures and associates	0	0
Tangible fixed assets	572,810	549,788
Intangible fixed assets	436,622	392,438
Income tax assets	**805,624**	**785,750**
Current income tax assets	4,232	8,644
Deferred income tax assets	801,392	777,106
Other assets	1,177,134	857,650
Non-current assets and disposal groups classified as held for sale	11,391	18,294
Total assets	**110,941,969**	**103,913,908**

	31 December 2022	31 December 2021
	(*PLN thousand*)	
LIABILITIES		
Financial liabilities held for trading	**385,062**	**143,016**
Derivatives	380,278	126,402
Liabilities from short sale of securities	4,784	16,614
Financial liabilities measured at amortised cost	**100,577,923**	**93,585,673**
Liabilities to banks and other monetary institutions	727,571	539,408
Liabilities to customers	98,038,516	91,447,515
Sale and repurchase agreements	0	18,038
Debt securities issued	243,753	39,568
Subordinated debt	1,568,083	1,541,144
Derivatives – hedge accounting	554,544	614,573
Provisions	**1,016,169**	**595,530**
Pending legal issues	976,552	551,176
Commitments and guarantees given	39,617	44,354
Income tax liabilities	**32,533**	**1,496**
Current income tax liabilities	32,533	1,496
Deferred income tax liabilities	0	0
Other liabilities	2,881,332	2,276,374
Total liabilities	**105,447,563**	**97,216,662**
EQUITY		
Share capital	1,213,117	1,213,117
Own shares	(21)	(21)
Share premium	1,147,502	1,147,502

	31 December 2022	31 December 2021
	(*PLN thousand*)	
Accumulated other comprehensive income	(1,042,284)	(858,633)
Retained earnings, including:	4,176,092	5,195,281
current profit/loss	(1,014,566)	(1,331,866)
other	5,190,658	6,527,147
Total equity	**5,494,406**	**6,697,246**
Total equity and total liabilities	**110,941,969**	**103,913,908**

Consolidated statement of financial position as at 30 June 2023 and 30 June 2022

	30 June 2023	30 June 2022
	(*PLN thousand*)	
ASSETS		
Cash, cash balances at central banks	6,768,777	5,810,033
Financial assets held for trading	**692,718**	**251,444**
Derivatives	495,406	220,865
Equity instruments	115	105
Debt securities	197,197	30,474
Non-trading financial assets mandatorily at fair value through profit or loss, other than Loans and advances to customers	**143,815**	**249,085**
Equity instruments	66,609	120,092
Debt securities	77,206	128,993
Financial assets at fair value through other comprehensive income	**14,681,777**	**17,786,074**
Equity instruments	24,378	28,791
Debt securities	14,657,399	17,757,283
Loans and advances to customers	**74,152,070**	**79,341,857**
Mandatorily at fair value through profit or loss	54,780	189,813
Valued at amortised cost	74,097,290	79,152,044
Financial assets at amortised cost other than Loans and advances to customers	**15,047,887**	**2,703,565**
Debt securities	14,467,969	1,615,236
Deposits, loans and advances to banks and other monetary institutions	532,220	1,080,106
Reverse sale and repurchase agreements	47,698	8,223
Derivatives – Hedge accounting	121,936	0
Investments in subsidiaries, joint ventures and associates	43,522	0
Tangible fixed assets	552,519	539,860
Intangible fixed assets	442,931	397,897
Income tax assets	**737,827**	**745,756**
Current income tax assets	4,956	8,715
Deferred income tax assets	732,871	737,041
Other assets	1,425,904	1,023,199
Non-current assets and disposal groups classified as held for sale	11,940	9,446
Total assets	**114,823,623**	**108,858,216**

	30 June 2023	30 June 2022
	(*PLN thousand*)	
LIABILITIES		
Financial liabilities held for trading	**568,182**	**248,957**
Derivatives	479,672	238,749
Liabilities from short sale of securities	88,510	10,208
Financial liabilities measured at amortised cost	**103,287,919**	**98,222,501**
Liabilities to banks and other monetary institutions	522,954	546,837
Liabilities to customers	100,596,983	96,122,029
Sale and repurchase agreements	350,244	0
Debt securities issued	251,759	0
Subordinated debt	1,565,979	1,553,635
Derivatives – Hedge accounting	329,630	832,073
Provisions	**1,141,582**	**759,094**
Pending legal issues	1,107,056	720,755
Commitments and guarantees given	34,526	38,339

Income tax liabilities	**386,481**	**25,215**
Current income tax liabilities	385,613	25,215
Deferred income tax liabilities	868	0
Other liabilities	2,752,626	2,991,640
Total Liabilities	**108,466,420**	**103,079,480**
EQUITY		
Share capital	1,213,117	1,213,117
Own shares	(21)	(21)
Share premium	1,147,502	1,147,502
Accumulated other comprehensive income	(537,405)	(1,509,919)
Retained earnings	4,534,010	4,928,057
Total equity	6,357,203	5,778,736
Total equity and total liabilities	**114,823,623**	**108,858,216**
Book value of net assets	6,357,203	5,778,736
Number of shares (pcs.)	1,213,116,777	1,213,116,777
Book value per share (in PLN)	5.24	4.76

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 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 Issuer's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS or as measures of the Issuer's liquidity.

APM	Definition
Core income	The sum of net interest income and net fee and commission income.
Total operating income	Total operating income is calculated as the sum of net interest income, net fee and commission income, dividend income, net trading income, other non-interest income, other operating income and other operating expenses. Other non-interest income comprises results of foreign exchange operations, results on financial assets and liabilities, without fair value adjustment on credit portfolio (which constitutes a part of cost of risk), and net other operating income.
Total operating income adjusted	Operating income adjusted for costs of amicable settlements with CHF Mortgage Loans borrowers, legal costs related to CHF Mortgage Loans, netting-off of legal risk provisions on CHF Mortgage Loans originated by Euro Bank and other material extraordinary income or costs (e.g. credit holiday costs in 2022 and gains from bancassurance agreements with TU Europa Group in the first half of 2023).
Total operating costs	Sum of personnel costs and other administrative costs including depreciation and amortisation.
Total operating costs adjusted	Total operating costs adjusted for costs of amicable settlements with and legal cases against the CHF Mortgage Loans borrowers and in periods other than full year with linear distribution of the resolution fee payable to BGF.
Net profit reported	Profit after tax attributable to owners of the parent.
Net profit without extraordinary items	Net profit without extraordinary items, i.e., costs of credit holidays, all costs related to CHF Mortgage Loans, other material extraordinary income or costs, in periods other than full year, linear distribution of

APM	Definition
	the resolution fee payable to BGF and with hypothetical banking tax added starting from the third quarter of 2022.
ROE reported	Calculated by dividing annualised net profit attributable to owners of the parent by the average total equity. The average equity is calculated on the basis of the average balances of each month of the reporting period.
ROE adjusted	ROE based on net profit without extraordinary items and equity adjusted by costs related to the CHF Mortgage Loans and credit holidays, hypothetical banking tax and other material extraordinary income or costs.
ROA reported (Return on assets)	Calculated by dividing net profit attributable to owners of the parent by the average total assets. The average total assets are calculated on the basis of the average balances of each month of the reporting period.
NIM (Net interest margin)	Calculated by dividing annualised net interest income adjusted for credit holiday cost by average interest earning assets. Interest-earning assets are the sum of cash and balances with the central bank, loans and advances to banks, debt securities (in all valuation methods) and loans and advances to customers (net; in all valuation methods). The average interest-earning assets are calculated on the basis of the average balances of each month of the reporting period.
Cost-to-income ratio reported (C/I ratio reported)	Calculated by dividing operating expenses by total operating income, excluding costs of credit holidays in the second half of 2022.
Cost-to-income ratio adjusted (C/I ratio adjusted)	Calculated by dividing operating costs adjusted by total operating income adjusted.
Non-performing loans ratio (NPL ratio)	Calculated by dividing the sum of the gross carrying value of loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to customers.
NPL ratio – corporate portfolio	Calculated by dividing the sum of the gross carrying value of loans and advances to corporate customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to corporate customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to corporate customers excluding reverse repo/ buy/-sell-back transactions.
NPL ratio –retail portfolio	Calculated by dividing the sum of the gross carrying value of loans and advances to retail customers at amortised cost with impairment (stage 3 and POCI) and the gross carrying value of loans and advances to retail customers mandatorily at fair value through profit or loss in default by the total (gross) loans and advances to retail customers.
NPL coverage ratio	Calculated by dividing the sum of accumulated provisions for loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and accumulated provisions for loans and advances to customers mandatorily at fair value through profit or loss by a sum of the gross carrying value of loans and advances to customers at amortised cost with impairment (stage 3 and POCI) and the gross

APM	Definition
	carrying value of loans and advances mandatorily at fair value through profit or loss in default.
Cost of risk	Calculated by dividing the sum of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss and gains or losses on non-trading financial assets mandatorily at fair value through profit or loss related to loans and advances to customers by the average gross loans and advances to customers (the sum of loans and advances to customers recognised in: financial assets measured at amortised cost, non-trading financial assets mandatorily measured at fair value through profit or loss and financial assets held for trading). The average gross loans and advances are calculated on the basis of the balances as at the end of the last thirteen months.
Loan-to-deposit ratio (L/D ratio)	Calculated by dividing net loans and advances to customers by amounts due to customers. Net loans and advances to customers are calculated as a sum of loans and advances to customers at amortised cost, loans and advances to customers mandatorily at fair value through profit or loss and loans in financial assets held for trading.
Equity-to-assets	Calculated by dividing total equity by total assets.
Liquidity Coverage Ratio (LCR)	Ratio of the stock of unencumbered high quality liquid assets to net liquidity outflows over 30 calendar day liquidity stress scenario.

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

In particular:

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

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

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

Alternative Performance Measures

The table below presents selected operating measures for the Group for the periods indicated below.

	1 January 2022 - 31 December 2022	1 January 2021 - 31 December 2021	1 January 2023 – 30 June 2023	1 January 2022 – 30 June 2022
	(*PLN million, unaudited*)			
Core income	4,145.6	3,543.8	3,001.9	2,566.9
Total operating income	4,008.5	3,558.1	3,573.9	2,496.7
Total operating income adjusted	5,614.2	3,714.9	3,127.5	2,652.5
Total operating costs	(2,093.2)	(1,642.3)	(970.0)	(1,163.1)
Total operating costs adjusted	(2,035.1)	(1,592.6)	(899.3)	(1,096.4)
Net profit reported	(1,014.6)	(1,331.9)	357.9	(262.6)
Net profit adjusted	2,239.1	1,098.8	1,447.9	(948.7)

Key financial ratios

	As at and for the year ended 31 December 2022	As at and for the year ended 31 December 2021	As at and for the six months ended 30 June 2023	As at and for the six months ended 30 June 2022
	(*per cent., unaudited*)			
ROE reported	(17.5)	(16.0)	12.4	(8.2)
ROE adjusted	21.5	11.0	22.7	19.4
ROA reported	(0.9)	(1.3)	0.6	(0.5)
Net interest margin (NIM)	4.43	2.70	4.71	4.14
Cost to income ratio reported (C/I ratio reported)	39.3	46.2	27.1	46.6
Cost to income ratio adjusted (C/I ratio adjusted)	36.2	42.9	28.8	41.3
Non-performing loans ratios (NPL ratio)	4.45	4.39	4.51	4.29
NPL ratio – corporate portfolio	3.07	3.86	3.58	4.02
NPL ratio – retail portfolio	4.86	4.55	4.77	4.37
NPL coverage ratio	69.9	68.6	73.0	68.0
Cost of risk	0.44	0.37	0.45	0.37
Loan-to-deposit ratio (L/D ratio)	78.1	86.0	73.7	82.5
Equity-to-assets	5.0	6.4	5.5	5.3
Liquidity Coverage Ratio (LCR)	223	150.0	260	158

DESCRIPTION OF THE GROUP

Overview

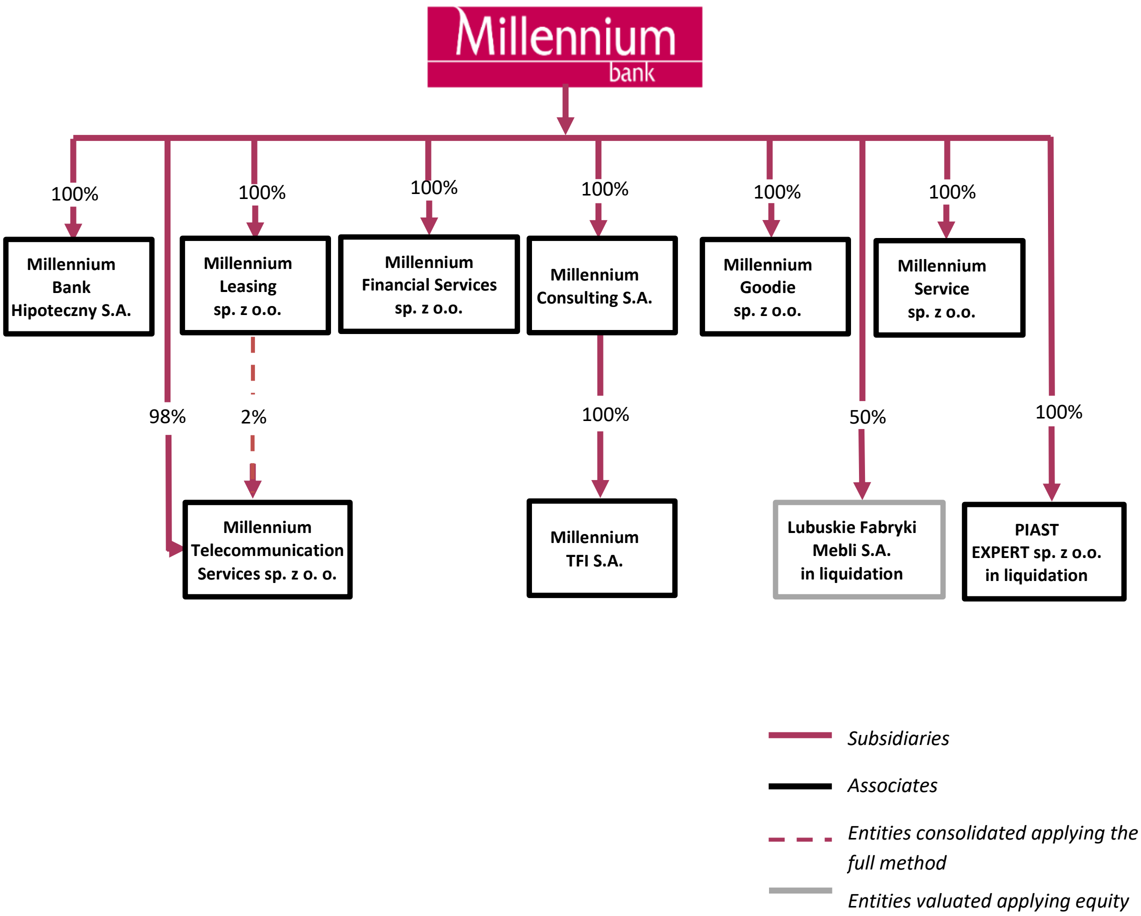
The Group operates in Poland and provides retail, corporate and investment banking as well as other financial services. Based on the financial information for the year ended 31 December 2022 published by Polish banks, the Group was Poland's seventh banking group in terms of total assets and deposits. Based on the Management's Board assessment, the Group had approximately 2.9 million active customers in Poland as at 31 December 2022. In 2022, the Group generated a consolidated net loss of PLN 1,015 million. As at 31 December 2022, the Group's total assets were PLN 110,942.0 million.

The Bank has a broad offering of universal banking products and services for retail clients, affluent individuals and private banking clients. The Group's clients have access to a wide range of personal accounts and savings and investment products. The Group also offers various lending products, including cash loans, overdrafts and mortgage loans.

The Group's offering for corporate clients is focused on providing comprehensive solutions based on the advanced technologies to digitise processes. Clients are offered a variety of transactional banking products and services as well as a number of business financing products.

The Bank is a joint-stock company (*spółka akcyjna*) whose shares are traded on the regulated market of the WSE. It is entered in the register of entrepreneurs of the National Court Register under number 0000010186 and its registered office is in Warsaw at ul. Stanisława Żaryna 2A, 02-593 Warsaw, Poland. Its telephone number is +48 22 598 40 40. The principal acts of law governing the Bank's operations are the Banking Law and the Commercial Companies Code dated 15 September 2000 (the "**Commercial Companies Code**").

Set out below is the structure of the Group as at 31 December 2022:



History

Bank Gdański S.A. ("**BG**"), one of the Bank's predecessors, was spun off from the NBP in 1989 as part of the transformation of the Polish economy into a free market economy. The second predecessor of the Bank was Bank Inicjatyw Gospodarczych S.A. ("**BIG**"), one of the first private banks established in Poland after 1989. From 1995 to 1997 BIG acquired a majority stake in BG and both banks merged in 1997 to create the Bank which was then operating under the name BIG Bank Gdański S.A.

In 2000, BCP became a strategic investor in the Bank and in 2003 the Bank changed its name to Bank Millennium S.A.

In 2019, the Bank acquired Euro Bank, a Polish subsidiary of Société Générale providing banking services to retail clients. The acquisition increased the number of the Bank's clients by 1.4 million, increased the Bank's share in the consumer loans segment and strengthened the Bank's presence in smaller cities in Poland.

In 2020, the Bank set up Millennium Bank Hipoteczny S.A. ("**MBH**"), a specialised mortgage bank which is authorised to issue covered bonds. MBH was established to diversify the Group's funding sources and lower the overall costs of the Group's funding.

In 2022, Millennium Dom Maklerski S.A. ("**MDM**"), an investment firm and a wholly-owned subsidiary of the Bank, was split. The Bank acquired the part of the MDM related to conducting brokerage activities. The remaining part of MDM is named Millennium Consulting S.A. and provides consulting services. The purpose of the transformation was to consolidate all brokerage activities conducted by the Group in one entity.

In 2023, the Bank sold 80 per cent. of shares in Millennium Financial Services sp. z o.o. to Towarzystwo Ubezpieczeń na Życie Europa S.A. and Towarzystwo Ubezpieczeń Europa S.A. In connection with this sale, the Bank entered into several agreements with the buyers concerning insurance distribution model and long-term cooperation in the bancassurance area.

Recovery Plan and the Capital Protection Plan

Under the Banking Law, if a bank is in breach of its regulatory capital ratios or identifies the possibility of such breach, the Bank's management board should immediately notify the KNF and the BGF and implement a recovery plan (in Polish: *plan naprawy*). A recovery plan is a set of actions the bank should take to improve the bank's financial position. A recovery plan is updated at least once a year and is subject to the KNF's approval. Under the Act dated 5 August 2015 on Macroprudential Supervision of the Financial System and Crisis Management in the Financial System, if the Bank does not meet the combined buffer requirement or the leverage ratio, the Bank should prepare a capital protection plan and submit it to KNF within five business days from the date it identified it does meet any of these buffers. The capital protection plan should describe how the Bank intends to restore the compliance with the capital buffers.

The Act on Supporting Borrowers came into force on 29 July 2022. The Act on Supporting Borrowers: (i) introduced the possibility for the borrowers to suspend the repayment of mortgage loan instalments ("credit holidays"), (ii) imposed an obligation on banks to pay an additional contribution to the Borrowers Support Fund (in Polish: *Fundusz Wsparcia Kredytobiorców*), and (iii) introduced a procedure for replacing WIBOR with a new benchmark. Under the Act on Supporting Borrowers, a borrower under a mortgage loan denominated in PLN, who is a consumer may suspend the repayment of one loan agreement which was provided to finance its own housing needs. The suspension period was two months in the period from 1 August 2022 to 30 September 2022, another two months in the period from 1 October 2022 to 31 December 2022 and one month in each calendar quarter from 1 January 2023 to 31 December 2023. During the suspension period, the borrower does not have to make any payments due to the lender under the loan agreement (including interest, principal amount and fee), except for payments of the insurance premiums linked to the loan agreement. The suspension is effective automatically upon the delivery of the application to the lender. The maturity of the loan is extended by the duration of the suspension period. The lender cannot charge interest and fees, other than the insurance premiums linked to the loan agreement, during the suspension period. The right to request a suspension applies to loan agreements entered into before 1 July 2022, provided that the maturity date of the loan falls after 1 January 2023.

On 15 July 2022, the Bank announced that it estimated that the maximum impact of the Act on Supporting Borrowers on the Group would be PLN 1,779 million (PLN 1,731 million at the Bank's level and PLN 48 million at the MBH's level) if all eligible borrowers applied for the suspension of the repayment of their loans. At the time of the announcement, the Bank assumed that there was a risk of the Bank recording a loss in the third quarter of 2022 and, as a consequence, the Bank's capital ratios falling below the required levels. Therefore, the Bank's management board started implementing the recovery plan (the "**Recovery Plan**") and the capital protection plan (the "**Capital Protection Plan**").

Both the Recovery Plan and the Capital Protection Plan envisage an increase in capital ratios well above the required minimum level through a combination of further improvements in operating profitability and capital optimisation initiatives, such as risk-weighted asset management (including securitisations). The launch of both plans triggered a number of actions aimed at increasing capital ratios and operating profitability. In the fourth quarter of 2022 the Group improved its capital ratios, placing them well above the applicable minimum regulatory requirements.

Although the Bank's capital ratios are above the minimum regulatory requirements, the Bank continues the implementation of the Capital Protection Plan to strengthen its capital ratios even further. Assuming the absence of significant extraordinary factors, the Bank plans to maintain capital ratios above the required minimum levels. As regards the Recovery Plan, profitability ratios have been improving since October 2022 and the Bank's goal is to restore them to acceptable levels provided for in the Recovery Plan by the end of 2023. As at 30 June 2023, all capital ratios of the Bank were above the required levels. However, the Bank is yet to meet the MREL requirements as of this date. If these requirements are not fulfilled, the Bank may have to delay the completion of the Recovery Plan. On 12 June 2023, the BGF informed the Bank of its decision prohibiting the Bank from distributing profits in excess of the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities.

Ratings

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

Fitch

Category	Rating	Outlook
Issuer default (IDR)	BB	Positive
Local currency long-term IDR	BB	Positive
National long-term IDR	BBB+(pol)	Positive
Short-term	B	-
Viability	bb	-
Shareholder support rating	b+	-

Moody's

Category	Rating	Outlook
Long-term deposit	Baa3	Negative
Short-term deposit	Prime-3	-
Stand-alone BCA	ba3	-
CR rating	Baa2/Prime-2	-
Junior senior unsecured debt programme	(P)Ba2	-

Strategy and main competitive strengths

On 6 December 2021, the Bank announced its strategy for the years 2022-2024 (the "**Strategy**"). The Bank concentrates on responding to growing post-pandemic expectations of customers and shareholders. By 2024, the Bank aspires to increase its net profit and return on equity. The improvement of efficiency ratios and business growth are to be driven by a continued increase in the number of active customers as well as enhancements to cost-effective and scalable operational platform.

The strategy assumes a solid business growth, leading to growing profitability, incorporating customers' preferences changed or intensified by COVID-19. The new mid-term strategic goals are grouped into five development categories:

1. Strong growth in the number of active customers

The Bank is planning further significant increase in the number of active customers Due to the growing customer base and digital focus, the Bank's goal is that:

- 90 per cent. of active customers will be using digital channels;
- 99 per cent. of all transactions will be executed digitally and remotely;
- 80 per cent. of several main product sales to be fully or partly digital/self-service;
- it will maintain the leading position in net promoter score, offering customers the service level they expect - convenience of transactions and simple sales, as well as the high quality services supported by advice during the onboarding of customers and with complex transactions (e.g. selling mortgage loans).

2. Strong, selective growth of the entire business, supported by innovative solutions, aiming to match the Bank's customers' needs

The Bank plans to further digitise sales and service model by taking advantage of COVID-19-induced shift in customer preferences by developing digital capabilities across the Bank to exceed clients' expectations (in daily banking, consumer finance, mortgage, family banking, bancassurance, investments). The Bank plans to sell its less complicated products and provide customer service through mobile banking. In its branches the Bank will focus on onboarding its customers to mobile banking, selling products which require more support from the Bank's employee and on the acquisition of new customers. The Bank also wants to focus on stronger personalisation of its products and services.

To improve the customer's experience in retail banking the Bank plans to improve and accelerate its services in the field of its mortgage loan services and cash loan services by providing customers with a new end-to-end digital and hybrid processes. The Bank plans to offer its customers new compelling self-service digital tools and remote services such as mobile savings investments. For its microbusiness clients, the Bank plans to develop a new solution for self-service loans for customers and provide them with new services related to the registration of their companies and daily banking. For corporate banking customers, the Bank will focus on supporting clients actively in their investment programmes such as within projects focusing on green transformation supported by Poland's public programmes.

3. Increase of profitability and efficiency

The Bank aims to significantly increase its profitability and efficiency. Since all the Bank's business segments are expected to grow by more than ten per cent. annually, the Bank plans on taking advantage of this expected market growth and the new environment of higher interest rates.

4. Reduction of portfolio of CHF Mortgage Loans

The Bank intends to decrease its exposure under the CHF Mortgage Loans from 14.6 per cent. of the total loan book as at 31 December 2021 to 7 per cent. of the total loan book as at 31 December 2024. The Bank intends to achieve this goal mainly through amicable settlements with the Bank's clients.

5. ESG ambitions

The Bank decided to significantly reduce its involvement in financing the coal sector. As at 31 December 2022, the Group's exposure to this sector accounted for 0.96 per cent. of the corporate portfolio and 0.27 per cent. of the entire portfolio of the Group. The Bank is planning to achieve climate neutrality in the area of its own emissions by 2027 and full neutrality by 2050. The Bank will also actively support corporate clients in undertaking decarbonisation activities.

Business

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

- Retail Customer Segment, which covers business activities targeted at mass-market individual customers, affluent individuals, small companies and individual entrepreneurs. This segment covers a full offering of banking products and services. Lending products include mortgage loans denominated in PLN, cash loans, credit cards, revolving loans and leasing products for entrepreneurs. Deposit and savings products comprise current and savings accounts, term deposits, mutual funds and structured products. High net worth customers also have access to foreign mutual funds and structured bonds. In addition, retail customers can also purchase insurance products. Securities brokerage business is also included in this segment.

- Corporate Customer Segment includes services to small and medium enterprises, large corporations and entities from the public sector. Products offered in this segment include current loans, investment loans, current accounts, term deposits, cash management products, treasury products and leasing and factoring services.

- Treasury, Assets and Liabilities Management ("**ALM**") and Other, which consist of the treasury operations, brokerage services and inter-bank market transactions positions in debt securities not assigned to other segments. It also includes other assets and other liabilities, assets and liabilities connected with hedging derivatives, liabilities connected with the external funding of the Group and deferred income tax assets not assigned to other segments.

- Foreign Exchange ("**FX**") Mortgage, a new segment separated from the Retail Customer Segment in 2021, includes loans with the underlying foreign currency mortgage contract and concerns portfolios of retail mortgages originated in the Bank and the former Euro Bank in foreign currencies.

The table below shows certain segment information for 2022 and 2021:

1 January 2022 – 31 December 2022

	Retail Banking	**Corporate Banking**	**Treasury, ALM and Other**	**Segments excluding FX Mortgage**	**FX Mortgage**	**Total**
			(in PLN thousand)			
Net interest income	3,088,577	836,133	(681,058)	3,243,652	93,639	3,337,291
Net fee and commission income	597,222	196,957	41	794,220	14,085	808,305
Dividends, other income from financial operations and foreign exchange profit	140,720	95,175	(64,960)	170,935	(380,731)	(209,796)
Result on non-trading financial assets mandatorily at fair value through profit or loss........................	12,503	0	13,193	25,696	0	25,696
Other operating income and cost	(26,412)	(1,353)	4,299	(23,466)	82,991	59,525
Operating income.	**3,812,610**	**1,126,912**	**(728,485)**	**4,211,037**	**(190,016)**	**4,021,021**
Staff costs	(728,879)	(157,476)	(29,787)	(916,142)	0	(916,142)
Administrative costs, including:	(715,226)	(82,885)	(111,418)	(909,529)	(58,588)	(968,117)
BGF and IPS costs	(305,581)	(8,225)	(83,430)	(397,236)	0	(397,236)
Depreciation and amortisation	(176,733)	(27,660)	(4,529)	(208,922)	0	(208,922)
Operating expenses	**(1,620,838)**	**(268,021)**	**(145,734)**	**(2,034,593)**	**(58,588)**	**(2,093,181)**
Impairment losses on assets.................	(374,638)	(2,851)	(3,514)	(381,003)	35,455	(345,548)
Results on modification...........	(24,153)	(358)	0	(24,511)	(102,153)	(126,664)

1 January 2022 – 31 December 2022	Retail Banking	Corporate Banking	Treasury, ALM and Other	Segments excluding FX Mortgage	FX Mortgage	Total
	(in PLN thousand)					
Provisions for legal risk connected with FX mortgage loans	0	0	0	0	(2,017,320)	(2,017,320)
Total operating results....................	**1,792,981**	**855,682**	**(877,733)**	**1,770,930**	**(2,332,622)**	**(561,692)**

1 January 2021 – 31 December 2021	Retail Banking	Corporate Banking	Treasury, ALM and Other	Segments excluding FX Mortgage	FX Mortgage	Total
	(in PLN thousand)					
Net interest income	1,847,076	335,342	431,001	2,613,419	99,724	2,713,143
Net fee and commission income, including:	639,993	186,389	4,215	830,597	15	830,612
Dividends, other income from financial operations and foreign exchange profit	111,344	75,912	28,596	215,852	(363,902)	(148,050)
Result on non-trading financial assets mandatorily at fair value through profit or loss........................	39,881	0	84,657	124,538	0	124,538
Other operating income and cost	(19,673)	(5,884)	(105,813)	(131,370)	209,155	77,785
Operating income	**2,618,621**	**591,759**	**442,656**	**3,653,036**	**(55,008)**	**3,598,028**
Staff costs	(645,620)	(139,811)	(29,891)	(815,322)	0	(815,322)
Administrative costs, including:	(429,410)	(70,042)	(76,257)	(575,709)	(49,675)	(625,384)
BGF costs	(67,667)	(1,910)	(48,640)	(118,217)	0	(118,217)
Depreciation and amortisation	(171,352)	(25,528)	(4,715)	(201,595)	0	(201,595)
Operating expenses	**(1,246,382)**	**(235,381)**	**(110,863)**	**(1,592,626)**	**(49,675)**	**(1,642,301)**
Impairment losses on assets................	(324,446)	(1,784)	(7,671)	(333,901)	7,838	(326,063)
Results on modification...........	(13,390)	551	0	(12,839)	0	(12,839)
Provisions for legal risk connected with FX mortgage loans	0	0	0	0	(2,305,157)	(2,305,157)
Total operating results....................	**1,034,403**	**355,145**	**324,122**	**1,713,670**	**(2,402,002)**	**(688,332)**

Retail Banking

Overview

Retail banking is a key area for the Group. Retail clients are offered a large range of banking products, including personal accounts, savings and investment products and loans. The retail banking area is split into two segments: individual clients and business clients.

Individual clients

Personal accounts

As at 31 December 2022, the Bank maintained 3.4 million personal accounts, including foreign currency accounts. The most popular personal account is the "360 Degrees Account (Konto 360)" which in the Bank portfolio reached almost 1.9 million.

Savings and investment products

The Bank's deposit products cover a wide range of possibilities, including a variety of deposit accounts and term deposits. As at 31 December 2022, aggregate deposits from individuals were PLN 68.8 billion, a 4.2 per cent. increase on 2021.

The Bank offers a diverse portfolio of investment products, including products developed by the Bank and products of external partners, such as structured deposits, mutual funds and debt securities.

Lending products

Customers of the retail banking segment have access to a variety of loan products, from credit cards and short-term cash loans to mortgage loans. In 2022, the value of the cash loan portfolio increased by 0.5 per cent. compared with 2021 and, as at 31 December 2022, was PLN 15.9 billion net. The Group's mortgage loan portfolio decreased by 4 per cent. to PLN 41.9 billion net as at 31 December 2022. The value of PLN-denominated mortgage loans originated by the Group loans grew by 3.5 per cent. and was PLN 35.1 billion net as at 31 December 2022. As at 31 December 2022, the number of credit cards issued by the Bank was 485.8 thousand and was approximately the same as at 31 December 2021. Loans advanced to customers of the retail banking segment are predominantly denominated in PLN. Only customers whose income is denominated in a foreign currency are eligible to apply for a loan denominated in that currency.

Bancassurance

The Bank offers its retail customers life and non-life insurance products developed with various insurance companies. The main group of bancassurance products are insurance policies related to cash loans and mortgage loans.

Business clients

Business client offering is addressed to sole traders and companies whose annual revenues do not exceed PLN 5 million. Clients of the business client segment have access to a comprehensive offering of traditional banking saving and lending products as well as a leasing offering.

Corporate Banking

Corporate Banking is a business line which provides comprehensive financial services to companies with annual revenues exceeding PLN 5 million, as well as public sector entities.

The Bank is focused on creating solutions responding to the needs of a particular client and utilising digital solutions which will reduce the time a client has to devote to communicating with the Bank. The Bank is also automating various internal processes relating to its Corporate Banking activities. The loans advanced to customers of the Corporate Banking line are denominated mostly in PLN. To mitigate the risks associated with loans denominated in currencies other than PLN, the Bank advances loans denominated in foreign currencies only to companies which have revenues denominated in foreign currencies. As at 31 December 2022, the net value of the loan portfolio in the Corporate Banking line was PLN 18.7 billion, a 1.8 per cent. decrease compared with 31 December 2021. The Corporate Banking line also covers factoring services, including recourse and non-recourse factoring, domestic and foreign reverse factoring, discounting and confirming bills of exchange. According to the Polish Association of Factoring Companies, in the fourth quarter of 2022, the Bank had a 5.9 per cent. market share of the Polish market and held the eighth position in the ranking of Polish factoring companies.

Distribution Network

The Bank is focusing on developing digital channels, both mobile applications and the internet banking systems, with a view for digital channels to become the main distribution channel of the Bank's services to retail clients. The Bank also runs an extensive branch network consisting of 635 branches as at 31 December 2022, a decrease of 20 branches compared with 31 December 2021. As at 31 December 2022, the Bank's ATM network comprised 509 machines.

As at 31 December 2022, the number of the Bank's active digital customers (on-line and mobile) was 2.5 million, including more than 2.2 million mobile banking users, an increase of 11 per cent. and 17 per cent., compared with 31 December 2021. In 2022 BLIK (Poland's cashless payment system) payments in the mobile app were used by over 1.6 million of Bank's customers, an increase of 26 per cent. compared with 2021.

Customers of the Corporate Banking line have access to a dedicated internet banking system and a mobile banking app. The Bank is constantly developing its digital banking solutions to make these more efficient and easier to use. Corporate customers also have access to 14 corporate centres offering comprehensive banking services to corporate clients.

Capital Management

Capital management covers two areas, capital adequacy management and capital allocation. The goal of capital adequacy management is to meet the requirements specified in external regulations and ensure solvency in normal and stressed conditions. The purpose of capital allocation is to create value for the Bank's shareholders by maximising the return on risk in business activity, taking into account the established risk appetite.

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

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

In addition to the above own-fund requirements, there are additional buffers included in the Bank's minimum capital ratios:

- a P2R buffer (Pillar 2 FX mortgage loans buffer) – imposed by the KNF to cover the risks arising under retail mortgage loans denominated in foreign currencies, of 1.95 per cent. at the Bank's level and 1.94 per cent. at the Group's level;
- a combined buffer consisting of:
  - a capital conservation buffer of 2.5 per cent.;
  - an other systematically important institution buffer of 0.25 per cent.;
  - a systemic risk buffer of 0 per cent.; and
  - a countercyclical buffer of 0 per cent.; and
- an additional capital charge ("**P2G**") consisting of Common Equity Tier 1 capital to absorb potential losses arising from stress events, of 1.72 p.p. at the Bank's level and 1.75 p.p. at the Group's level over the OCR.

As at 30 June 2023 and 31 December 2022, the minimum capital ratios, taking into account the regulatory requirements and Pillar 2 requirements and capital buffers, were:

	As at 30 June 2023		As at 31 December 2022	
	Bank	Group	Bank	Group
	(per cent.)			
CET1 ratio				
Minimum	4.50	4.50	4.50	4.50
P2R Buffer	1.10	1.09	1.10	1.09
TSCR CET1	5.60	5.59	5.60	5.59
Capital Conservation Buffer	2.50	2.50	2.50	2.50
OSII Buffer	0.25	0.25	0.25	0.25
Systemic risk buffer	0.00	0.00	0.00	0.00
Countercyclical capital buffer	0.00	0.00	0.00	0.00
Combined buffer	2.75	2.75	2.75	2.75
OCR CET 1	8.35	8.34	8.35	8.34
T1 ratio				
Minimum	6.00	6.00	6.00	6.00
P2R Buffer	1.47	1.46	1.47	1.46
TSCR T1	7.47	7.46	7.47	7.46
Capital Conservation Buffer	2.50	2.50	2.50	2.50
OSII Buffer	0.25	0.25	0.25	0.25
Systemic risk buffer	0.00	0.00	0.00	0.00
Countercyclical capital buffer	0.00	0.00	0.00	0.00
Combined buffer	2.75	2.75	2.75	2.75
OCR T1	10.22	10.21	10.22	10.21
TCR ratio				
Minimum	8.00	8.00	8.00	8.00
P2R Buffer	1.95	1.94	1.95	1.94
TSCR TCR	9.95	9.94	9.95	9.94
Capital Conservation Buffer	2.50	2.50	2.50	2.50
OSII Buffer	0.25	0.25	0.25	0.25
Systemic risk buffer	0.00	0.00	0.00	0.00
Countercyclical capital buffer	0.00	0.00	0.00	0.00
Combined buffer	2.75	2.75	2.75	2.75
OCR TCR	12.70	12.69	12.70	12.69

The Bank uses an internal ratings-based method to calculate own funds requirements for retail exposures to individual customers secured on residential mortgages and for retail revolving exposures. In consultation with the relevant regulatory bodies the Bank is implementing the internal ratings-based approach for other portfolios, with the exception of portfolios of exposures to central banks and governments, institutions, leasing and capital exposures. The Group defines a rating system as all the methods, processes, controls, data collection and IT systems that are used for the assessment of credit risk and for classification of exposures to a pool with a specified risk level, including the rules on the priority of rating models and the rules for overriding rating grades. The ratings are assigned on the basis of three models: probability of default, loss given default and exposure at default / balance sheet equivalent.

The BGF informed the Bank of the joint decision of the relevant resolution authorities, i.e. the BGF and the Single Resolution Board, setting out, effective from 12 June 2023, the Group's MREL at 14.42 per cent. of the Group's total risk exposure amount ("**MRELtrea**") and 4.46 per cent. of the Group's total exposure measure ("**MRELtem**"). As at 31 December 2023 the Group has to maintain MRELtrea of at least 18.89 per cent. and MRELtem of at least 5.91 per cent. Additionally, the Bank also has to meet MREL with Combined Buffer Requirement of 2.75 per cent.

The table below presents selected data concerning MREL:

	As at 30 June 2023	As at 30 June 2022
MRELtrea ratio	**14.93%**	**15.16%**
Minimum required level MRELtrea	14.42%	15.60%
Surplus (+)/Deficit (-) of MRELtrea (percentage points)	0.51	-0.44
Minimum required level including Combined Buffer Requirement (CBR)	17.17%	18.35%
Surplus (+)/Deficit (-) of MRELtrea CBR (percentage points)	-2.24	-3.19
MRELtem ratio	5.87%	6.78%
Minimum required level of MRELtem	**4.46%**	**3.00%**
Surplus (+)/Deficit (-) of MRELtrea (percentage points)	1.41	3.78

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

	Bank		Group	
	31 December		31 December	
	2022	2021	2022	2021
Total capital ratio	**14.53%**	**17.17%**	**14.42%**	**17.06%**
Minimum required level (OCR)	12.70%	13.57%	12.69%	13.54%
Surplus/Deficit of TCR capital adequacy (p.p.)	1.83	3.60	1.73	3.52
Minimum recommended level TCR (OCR+P2G)	14.42%	13.57%	14.44%	13.54%
Surplus/Deficit on recommended level (p.p.)	0.11	3.60	-0.02	3.52
Tier 1 capital ratio (T1)	**11.36%**	**14.04%**	**11.28%**	**13.97%**
Minimum required level (OCR)	10.22%	11.31%	10.21%	10.84%
Surplus/Deficit of T1 capital adequacy	1.14	2.73	1.07	3.13
Minimum recommended level T1 (OCR+P2G)	11.94%	11.31%	11.96%	10.84%
Surplus/Deficit on recommended level (p.p.)	-0.58	2.73	-0.68	3.13
Common Equity Tier 1 capital ratio	**11.36%**	**14.04%**	**11.28%**	**13.97%**
Minimum required level (OCR)	8.35%	8.83%	8.34%	8.81%
Minimum recommended level CET1 (OCR+P2G)	10.07%	8.83%	10.09%	8.81%
Surplus/Deficit on recommended level (p.p.)	1.29	5.21	1.19	5.16
MREL ratio	**-**	**-**	**14.45%**	**16.99%**
Minimum required level	-	-	15.60%	15.60%
Surplus/Deficit of MREL (p.p.)	-	-	-1.15	1.39
Leverage ratio	**4.74%**	**6.45%**	**4.72%**	**6.46%**
Minimum required level	3.00%	3.00%	3.00%	3.00%
Surplus/Deficit of Leverage ratio	1.74	3.45	1.72	3.46

	Bank		Group	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	(PLN million)			
Risk-weighted assets	46,988.8	48,046.0	47,147.9	48,497.3
Own Funds requirements, including:	**3,759.1**	**3,843.7**	**3,771.8**	**3,879.8**
Credit risk and counterparty credit risk	3,308.0	3,386.7	3,301.3	3,380.6
Market risk	18.0	18.0	18.0	18.0
Operational risk	427.0	432.3	446.4	474.5
Credit Valuation Adjustment CVA	6.1	6.7	6.1	6.7
Own Funds, including:	**6,939.2**	**6,980.1**	**6,962.3**	**6,991.1**
Common Equity Tier 1 Capital	5,487.8	5,458.9	5,510.9	5,469.9
Tier 2 Capital	1,451.4	1,521.2	1,451.4	1,521.2
Total Capital Ratio (TCR)	**14.77%**	**14.53%**	**14.77%**	**14.42%**
Minimum required level	12.70%	12.70%	12.69%	12.69%
Surplus (+) / Deficit (-) of TCR ratio (pp)	2.07	1.83	2.08	1.73
Tier 1 Capital ratio (T1)	**11.68%**	**11.36%**	**11.69%**	**11.28%**
Minimum required level	10.22%	10.22%	10.21%	10.21%
Surplus (+) / Deficit (-) of T1 ratio (pp)	1.46	1.14	1.48	1.07
Common Equity Tier 1 Capital ratio (CET1)	**11.68%**	**11.36%**	**11.69%**	**11.28%**
Minimum required level	8.35%	8.35%	8.34%	8.34%
Surplus (+) / Deficit (-) of CET1 ratio (pp)	3.33	3.01	3.35	2.94
Financial leverage ratio	**4.61%**	**4.74%**	**4.60%**	**4.72%**
Minimum required level	3.00%	3.00%	3.00%	3.00%
Surplus (+) / Deficit (-) of financial leverage ratio (pp)	1.61	1.74	1.60	1.72

Borrowings

As at 31 December 2022, the Group had outstanding liabilities, under loans granted to the Group and debt securities issued by the members of the Group, of PLN 1,920 million. The table below gives primary information on the outstanding debt securities issued by the Group:

Issuer	Status	Currency	Principal amount	Issue Date	Maturity Date	Listing
The Bank	Subordinated Bonds	PLN	700,000,000	7 December 2017	7 December 2027	Warsaw
The Bank	Subordinated Bonds	PLN	830,000,000	30 January 2019	30 January 2029	Warsaw
The Bank	Credit-linked Notes	PLN	242,500,000	23 December 2022	25 January 2040	Vienna

Related Party Transactions

The Group entered into a number of related party transactions, including transactions between members of the Group and transactions with members of the BCP Group. The tables below show the related party transactions entered into by the Group as at 31 December 2022 and 31 December 2021:

Transactions with BCP Group	**With the parent company**		**With other entities**	
	(PLN thousand)			
	As at or for the year ended 31 December		**As at or for the year ended 31 December**	
	2022	**2021**	**2022**	**2021**
Assets				
Loans and advances to banks – accounts and deposits	2,575	611	0	0
Financial assets held for trading	32	0	0	0
Hedging derivatives	0	0	0	0
Other assets	0	0	0	0
Liabilities				
Loans and deposits from banks	434	100	0	0
Debt securities	0	0	0	0
Financial liabilities held for trading	0	159	0	0
Hedging derivatives	0	0	0	0
Other liabilities	0	0	68	65
Income				
Interest	1,008	(325)	0	0
Commissions	149	101	0	0
Financial assets and liabilities held for trading	30	0	0	0
Expense				
Interest	75	161	0	(190)
Commissions	0	0	0	0
Financial assets and liabilities held for trading	0	160	0	0
Other net operating expenses	0	5	0	0
Administrative expenses	0	0	138	36

Risk management

Overview

The management of risk is one of the key tasks of the Bank's Management Board. It defines the framework for business development, profitability and stability, by creating rules that ensure the Group's compliance, its internal control best practices and legal requirements and co-ordination of its strategy for managing all risks.

The mission of risk management is to ensure that all types of risks are managed, monitored and controlled as required for the risk profile (risk appetite), nature and scale of the Group's operations. One of the key principles of risk management is the optimisation of the risk and profitability trade-off.

The goals of risk management are achieved through implementing the following actions:

- developing risk management strategies, credit policy, processes and procedures defining the principles for acceptance of the acceptable level of particular types of risk;
- increasingly wider implementation of advanced tools for identifying, measuring and controlling risk; and

- increasing awareness of employees regarding their responsibility for proper risk management at every level of the Group's organisational structure.

The function of risk management is centralised for the whole Group and takes into account the need to obtain the assumed profitability and to maintain capital sufficient to cover the risk. The risk management system uses a broad range of methods both qualitative and quantitative, including advanced mathematical and statistical tools and is supported by adequate IT solutions.

When defining business and profitability targets, the Group takes into account the specified risk framework in order to ensure that business structure and growth will respect the risk profile that is targeted and that will be reflected in several indicators such as:

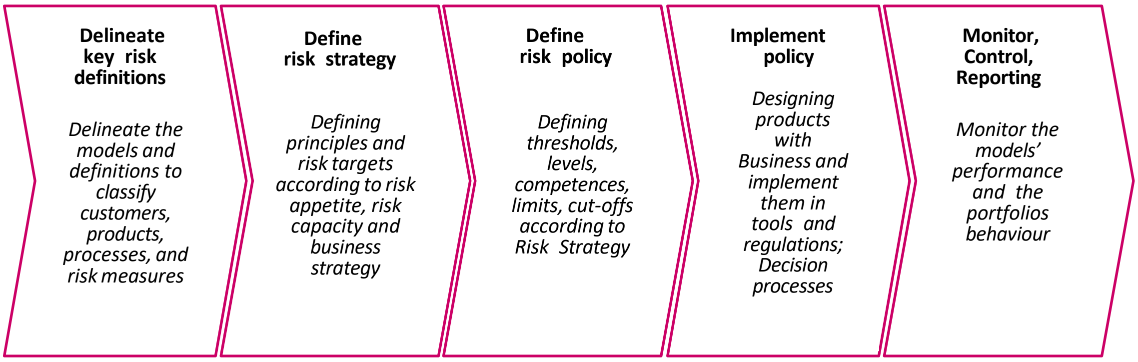
- loan growth in particular products/segments;
- structure of the loan portfolio;
- asset quality indicators;
- cost of risk;
- capital requirements; and
- amount and structure of necessary liquidity.

The risk management and control model at the Group level is based on the following principles:

- ensuring the full-scope quantification and parameterisation of various types of risks from the perspective of optimising balance sheet and off-balance sheet items to the assumed level of profitability of business activity. The main areas of analysis encompass credit risk, market risk, liquidity risk and operational risk. Legal and litigation risk also are subject to particular attention;
- all types of risks are monitored and controlled by reference to the profitability of operations and the level of capital necessary to ensure the safety of operations from the point of view of capital adequacy. The results of risk measuring are regularly reported as part of the management information system; and
- the segregation of duties between risk origination, risk management and risk control.

Risk management process

The diagram below demonstrates the Group's risk management process:



Division of responsibilities

The division of responsibilities in the risk management area is as follows:

- the Bank's Supervisory Board is responsible for overseeing the compliance of the Group's risk-taking policy with the Group's strategy and its financial plan. The Supervisory Board's Committee for Risk Matters supports the Supervisory Board in performing these tasks by, among others, opining on the Group's Risk Strategy and the Group's risk appetite.

- the Bank's Management Board is responsible for the effectiveness of the risk management system in order to pursuit the corporate objectives within the approved risk appetite set by the Supervisory Board and to ensure an adequate and effective internal governance and internal control framework, including a clear organisational structure and independent internal risk management functions;

- the Credit Committee, the Capital, Assets and Liabilities Committee, and the Liabilities at Risk Committee are responsible for the current management of different areas of banking risk – within the framework determined by the Management Board;

- the Risk Committee and the Processes and Operational Risk Committee are responsible for defining the policy and for monitoring and controlling different areas of banking risk – within the framework determined by the Management Board;

- the AML Committee is responsible for supervision over anti-money laundering and terrorism financing risk management and cooperation in the area of combatting financial crime;

- the Validation Committee is responsible for confirming risk models validation results and follow-up in the implementation of the measures defined by the Models Validation Office;

- the Sustainability Committee is responsible for making key decisions on sustainable development in the Group, in terms of environmental, social and governance factors;

- the Sub-Committee for Court Cases is responsible for expressing opinions and taking decisions in matters regarding court proceedings, for the cases when the value of the dispute or direct effect for assets value as a consequence of a court verdict exceeds PLN 1 million or as result of multiple cases of the same nature, excluding cases belonging to the restructuring and recovery portfolio of the Bank's receivables managed by the Corporate Recovery Department and Retail Restructuring and Debt Collection Department; the Litigation Risk Sub-Committee is responsible for disputes in the portfolio of the Retail Restructuring and Debt Collection Department, which nature of the dispute corresponds to the nature of court disputes supervised by the Sub-Committee for Court Cases. The Litigation Risk Sub-Committee is also responsible for the determination of terms of settlement of legal relationships at the pre-trial stage or in circumstances indicating a significant likelihood of litigation which, if materialized, would fall within the competence of the Sub-Committee for Court Cases, excluding cases managed by the Corporate Recovery Department;

- the Risk Department is responsible for risk management, including identifying, measuring, analysing, monitoring and reporting on risk within the Group. The Risk Department also prepares risk management policies and procedures as well as providing information and proposes courses of action necessary for the Capital, Assets and Liabilities Committee, Risk Committee and the Management Board to make decisions concerning risk management;

- the Rating Department is mainly responsible for risk rating assignment for corporate clients (based on the evaluation of clients' creditworthiness) as well as for rating monitoring and potential revision during the period of its validity. The rating assignment process is independent from the credit decision process;

- the Corporate Credit Underwriting Department, Mortgage Credit Underwriting Department and Consumer Finance Underwriting Department are responsible within the Corporate Customer segment and Retail Customer segment, respectively, for the credit decision process, including analysing customers' financial situations, preparing credit proposals for the decision-making levels and making credit decisions within specified limits;

- the Retail Liabilities Monitoring and Collection Department and Retail Liabilities Restructuring and Recovery Department have responsibility for monitoring repayment of overdue debts by retail customers and their collection;

- the Corporate Recovery Department develops specific strategies regarding each debtor from recovery portfolio, which aims to maximise timely collection of outstanding debt and minimise the risk incurred by the Group. This approach is constantly revised to reflect updated information, and the best practices and experiences regarding the collection of overdue debt;

- the Treasury Control and Analyses Office has responsibility for monitoring the use of part of the Group's limits, including counterparty and stop-loss limits, the Group's FX positions, results of active trading, and control of operations of the treasury segment;

- the Models Validation Office has responsibility for qualitative and quantitative models analysis and validation, independent from the function of models development; development of the models validation and monitoring tools; activities connected with issuing opinions on the adequacy of the models for the segment for which they were developed; and preparing reports for the Validation Committee's needs;

- the Sustainability Office is responsible for supervising and coordinating the implementation of the principles of sustainable development in the Bank and the Group;

- the Fraud Risk Management Sub-Unit has responsibility for implementing and monitoring Bank policy execution in the scope of fraud risk management in co-operation with others Bank units. The Sub-Unit constitutes a competence centre for the anti-fraud process;

- the Compliance Department has the responsibility to ensure compliance with legal regulations, related regulatory standards, market principles and standards as well as the internal organisation regulations and codes of conduct; and

- the Legal Department provides legal service for the Bank. The Legal Department, Retail Liabilities Restructuring and Recovery Department and Corporate Recovery Department have responsibility for handling the litigation cases of the Bank, the with support of external legal offices and legal experts whenever necessary.

The Group has developed a comprehensive risk management strategy for the period from 2023 to 2025. The risk management strategy assumes a three-years perspective, is reviewed and updated annually and is approved by the Bank's Management Board and Supervisory Board.

Loan application process

The Bank provides a broad range of credit products for all clients' segments, ensuring their compliance with external and internal regulations, and alignment with the Bank's desired risk tolerance and needs of its customers.

Depending on a client's segment, applications for credit transactions are done remotely, through branches or assigned bank advisers.

Credit processes, including the credit decision-making processes, are tailored for the different customer segments. Internal regulations define credit processes flow and credit decision-making rules, ensuring the separation of functions between origination, rating assignment, credit decision and credit administration. All participants of these process are responsible for the end result of a credit transaction. Decisions on granting a credit can be made automatically or manually. In the case of manual credit decisions, internal regulations define the competence of decision levels taking into account the client's rating and its overall exposure. Generally, the decision level structure ensures the "four-eyes" principle - although for smaller exposures credit decisions are permitted to be made by one person. The decision level structure eliminates possible cases of conflict of interests or other factors set out in the Code of Ethics.

The decision to grant a credit transaction is primarily based on the ability of the customer to reimburse the credit transaction through the cash flows generated in its activity and income and not through the execution of collaterals, which is always an exceptional situation. In assessing a customer credit capacity, consideration is given to the entire involvement of the customer with the Group. The particulars of the situation of the entities belonging to the same economic group are taken into consideration in the assessment of the client. Available internal and external sources of information concerning the condition of the customer are taken into account, particularly information from the credit information bureau.

The Bank ensures the correct formalisation and documentation of credit transactions and of the associated credit risk mitigation instruments, verifying that the documents and contracts legally involve all the related parties and are legally enforceable in every applicable jurisdiction.

Credit agreements in the corporate segment contain clauses (covenants) ensuring that the minimum financial and other conditions underlying the approval of the credit transaction are maintained, including the possibility of demanding the early repayment of the credit transaction if the borrower fails to meet the agreed conditions.

The Bank has a warning system able to detect, in a timely manner, signs of possible deterioration of a client's situation. Dedicated units, separated from the business area, are responsible for taking appropriate action when such signals appear.

Regardless of the warning system, the Bank provides ongoing monitoring of the credit transactions, constantly verifying that the conditions underlying their approval are maintained, particularly regarding coverage with collateral compliance with the covenants of the transaction and the validity of the credit transaction support documentation.

Loan collateral

The Group accepts a collateral to mitigate its credit risk exposure. The main role of the collateral is to minimise loss in the event of customer default in the repayment of credit transactions in the contractual amounts and on the agreed contractual dates by ensuring an alternative source of repayment of due and payable amounts.

The collateral is accepted in accordance with the credit policy principles defined for each customer segment. The key principle is that collateral for a credit transaction should correspond to the credit risk incurred by the Group by taking into account the specific nature of the transaction (i.e. its type, amount, repayment period and the customer's rating).

The credit policy defines the types, kinds and legal forms of collateral accepted in the Group as well as more detailed requirements that are to ensure the probability of selling collateral of respective types in the context of the Group's recovery experiences.

The Group pays special attention to the correct determination of collateral value. It defined the rules for preparing and verifying collateral valuation and does its utmost to ensure that such valuations are objective, and conservative and reflect the true value of the collateral. To ensure effective establishment of collateral, the Group has developed appropriate forms of collateral agreements, applications, powers-of-attorney and representations. In the retail segment, accepted collateral consists mainly of residential real property (mortgage loans) and financial assets. The corporate segment primarily includes all types of property (residential, commercial and land) are taken as well as the Polish state development bank guarantees. Common types of collateral are also movables, inventories and the assignment of receivables from contracts. Temporary collateral is also accepted in the period before the final collateral is established.

Additionally, the Group uses various forms of instruments supplementing the collateral, which facilitate enforcement or increase the probability of effective repayment of debt from a specific collateral. Those instruments include: a statement of submitting to enforcement in the form of a notarial deed, blank promissory note, power-of-attorney to a bank account, and assignment of rights under an insurance agreement.

The Group monitors the collateral to ensure that it satisfies the terms of the agreement, i.e. that the final collateral of the transaction has been established in a legally effective manner or that the assigned insurance policies are renewed. The value of the collateral is also monitored during the term of the credit transaction.

Non-performing loans

The table below shows the quality of the Group's credit portfolio as at 31 December 2022 and 31 December 2021 including three stages and purchased or originated credit impaired assets ("**POCI**"). The Bank actively manages its non-performing loans portfolio by, for example, selling the loan portfolios to external non-performing loan managers.

31 December 2022	Balance sheet value, gross			Accumulated impairment allowances			Net balance sheet value
	Stage 1	Stage 2	Stage 3 (including POCI)	Stage 1	Stage 2	Stage 3 (including POCI)	
				(PLN thousand)			
Valued at amortised cost	68,696,492	6,725,350	3,466,149	(372,163)	(364,173)	(1,684,475)	76,467,182
Companies	16,775,373	1,508,622	637,682	(115,976)	(59,368)	(238,824)	18,507,510
Individuals	51,722,402	5,215,685	2,828,467	(254,633)	(304,804)	(1,445,651)	57,761,466
Public sector	198,718	1,043	0	(1,554)	(1)	0	198,206

31 December 2021	Balance sheet value, gross			Accumulated impairment allowances			Net balance sheet value
	Stage 1	Stage 2	Stage 3 (including POCI)	Stage 1	Stage 2	Stage 3 (including POCI)	
				(PLN thousand)			
Valued at amortised cost	73,262,717	3,866,807	3,485,056	(340,177)	(234,353)	(1,799,716)	78,240,334
Companies	17,458,183	1,032,369	806,767	(114,852)	(45,876)	(320,591)	18,816,000
Individuals	55,561,933	2,834,434	2,678,289	(224,196)	(188,477)	(1,479,125)	59,182,858
Public sector	242,601	4	0	(1,129)	0	0	241,476

Shareholders

Overview

As at the date of this Base Prospectus, the Bank's share capital is divided into 1,213,116,777 ordinary bearer and registered shares with a nominal value of PLN 1 each. The A series shares give their holders the right to two votes at the Bank's General Meeting. The remaining series of shares give their holders the right to one vote at the Bank's General Meeting.

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

On the date of this Base Prospectus, BCP held 607,771,505 shares in the Bank, which constitutes 50.10 per cent. of the Bank's share capital and confers the right to 50.10 per cent. of votes at the Bank's General Meeting.

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

	Number of shares	Per cent. of voting rights at the General Meeting
BCP	607,771,505	50.10
Nationale-Nederlanden Otwarty Fundusz Emerytalny	107,970,039	8.90
Allianz Polska Otwarty Fundusz Emerytalny	96,792,815	7.98
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	67,417,542	5.56
Other shareholders	333,164,876	27.46
Total	**1,213,116,777**	**100**

BCP's control over the Bank

Nature of control

As a holder of the majority of voting rights at the Bank's General Meeting, BCP can exercise a decisive influence on the resolutions adopted by this body, and, in particular, on the resolutions on key issues relating to the Bank's organisation and operations, including:

- appropriation of the profits/offsetting of losses incurred by the Bank;
- approval of the due performance of their duties by the Bank's bodies;
- appointment and dismissal of members of the Supervisory Board;
- amendments to the Bank's statutes;
- increases and decreases in the share capital of the Bank;
- the redemption of shares;
- the utilisation of supplementary capital and reserve capitals by the Bank;
- the issue of convertible bonds or bonds with a pre-emptive right;
- the determination of remuneration rules for Supervisory Board members; and
- the Bank's liquidation, merger, demerger or transformation.

Since Management Board members are appointed and dismissed by the Supervisory Board, BCP, by having a decisive influence on the composition of the Supervisory Board, can also directly influence the composition of the Management Board. As at the date of this Base Prospectus, no entity other than BCP has control over the Bank.

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

Mechanisms preventing an abuse of control

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

Dividend

The Group's dividend policy assumes distribution of between 35 per cent. to 50 per cent. of the Bank's net profit, provided that recommendations of the KNF regarding the payment of dividends are met and there are no other restrictions to paying dividends.

The bank recorded a net loss in 2022, hence there are no grounds for dividend payment. Additionally, because the Bank is implementing the Recovery Plan, it should apply its profits firstly to cover the losses and secondly, to increase the Bank's own funds. In June 2023 the BGF informed the Bank of its decision to prohibit the Bank from distributing profits in excess of the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities because the Bank does not yet meet its MREL requirements.

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 cybercrime prevention software. Additionally, the Issuer is constantly monitoring the compliance of its IT systems with the relevant recommendations of the KNF.

Litigation

Lawsuits

The below description includes information on the court cases pending, initiated by and against the Group, excluding the proceedings before the Tax Control Authority.

Court cases brought up by the Group

The value of court disputes, as at 31 December 2022, in which the Group companies were a plaintiff, totalled PLN 728.5 million. As at 30 June 2023 it was PLN 2,437.8 million. This increase is a result of the Bank bringing claims against the clients who are borrowers under the CHF Mortgage Loans.

Court cases against the Group

The following are descriptions of the court cases brought against the Group that the Group classifies as material as at 30 June 2023:

- the Bank is the defendant in three court proceedings in which the subject of the dispute is the amount of the interchange fee. The Bank, together with certain other financial institutions, is accused of acting under an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee. The total value of claims in these cases is PLN 729.6 million. The case is pending. The Bank has not created a provision to cover potential losses resulting from losing the case because the Bank believes that these claims are without merit.

- the Bank is the defendant in court proceedings brought by Europejska Fundacja Współpracy Polsko-Belgijskiej, now operating under the name The European Foundation for Polish-Kenyan Cooperation (the "**Foundation**"). The Foundation sued the Bank for damages caused by the Bank due to the wrong interpretation of the agreement for a working capital loan, which resulted in accelerating the loan. The total value of the claim in this dispute is PLN 521.9 million. On 10 May 2023, the court of first instance dismissed the Foundation's claims. The court's verdict is not yet final and the Bank expects the Foundation to appeal from this verdict. The Bank has not created a provision to cover potential losses resulting from losing the case because the Bank believes that the Foundation's claims are without merit.

As at 31 December 2022, the total value of claims in court cases against the Group was PLN 2,206 million and as at 30 June 2023 it was PLN 4,677.9 million. This does not include the value of claims in the class actions brought against the Group and described below.

Class action related to LTV insurance

The Bank is the defendant in a class action brought against it by the Municipal Consumer Ombudsman in Olsztyn representing 697 borrowers being parties to 432 loan agreements concluded with the Bank, claiming that certain clauses contained in these loan agreements concerning the client's obligation to pay for a compulsory insurance covering the Bank's risk associated with low equity contributions made by the clients are abusive and therefore prohibited and invalid. The total value of the claim in this dispute is over PLN 7.3 million. The case is pending. The Bank has created a provision of PLN 4.4 million to cover potential losses resulting from losing the case.

Lawsuit filed by Financial Ombudsman for discontinuation of unfair market practices

On 13 August 2020, the Bank received a lawsuit brought against it by the Financial Ombudsman. In the lawsuit, the Financial Ombudsman has demanded that the Bank, together with another financial institution from the insurance sector, be ordered to discontinue unfair market practices involving:

- presenting the offered loan repayment insurance as protecting the interests of the insured in cases where the insurance structure indicates that it protects the Bank's interests;

- the use of clauses linking the value of insurance benefits with the amount of the borrower's debt;

- the use of clauses determining the amount of insurance premium without a prior risk assessment (underwriting); and

- the use of clauses excluding the insurer's liability for insurance accidents resulting from earlier causes.

Furthermore, the Financial Ombudsman requires the Bank to be ordered to publish, on its website, information on the use of unfair market practices. The lawsuit does not include any demand for the Bank to pay any specified amounts. Nonetheless, if the practice is deemed to be abusive, it may constitute grounds for future claims to be filed by individual clients. The case is pending.

Court claims, current provisions related to foreign currency mortgage loans and events that may impact foreign currency mortgage legal risk and related provision

Court claims and provisions for legal risk

As at 31 December 2022, the Bank had 16,008 loan agreements and additionally 1,272 loan agreements from the former Euro Bank in dispute. Under individual ongoing litigations (excluding claims submitted by the Bank against clients i.e. debt collection cases) concerning the indexation clauses of foreign currency mortgage loans submitted to the courts with the total value of claims filed by the plaintiffs amounting to PLN 2,758.4 million and CHF 201.9 million. As at 30 June 2023, the Bank had 18,441 loan agreements and additionally 1,482 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by the bank against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the courts with the total value of claims filed by the plaintiffs amounting to PLN 3,415.6 million and CHF 237.5 million. Clients' claims in individual proceedings primarily concern the declaration of invalidity of the contract and payment for reimbursement of allegedly undue performance, due to the abusive nature of indexation clauses, or maintenance of the agreement in PLN with an interest rate indexed to CHF LIBOR.

The Bank is also a party to a class action concerning the Bank's potential liability towards the class action members based on unjust enrichment (the undue benefit) in connection with the foreign currency mortgage loans. The potential court rulings in these proceedings will not grant any amounts to the class action members. The number of credit agreements covered by these proceedings is 3,273. On 24 May 2022 the court issued a judgment on the merits, dismissing the claim in full. On 13 December 2022 the claimant filed on appeal against the judgment.

There has been an aggressive advertising campaign in Poland to encourage litigation against the financial sector which affected the number of court disputes. Until the end of 2019, 1,985 individual claims were filed against Bank and 236 against the former Euro Bank. In 2020, the number of claims against Bank increased by 3,006 and by 265 against the former Euro Bank. In 2021, the number of claims against Bank increased by 6,156 and by 423 against the former Euro Bank. In 2022, the number of claims against Bank increased by 5,750 and by 407 against the former Euro Bank, while in the first half of 2023 the number against the Bank increased by 3,237 and by 272 against the former Euro Bank.

According to the Polish Banking Association, and on the basis of the data gathered from all Polish banks having FX mortgage loans, the vast majority of disputes were finally determined against the banks and in favour of the claimants. As of 30 June 2023, 2,082 cases against the Bank have been finally resolved. 1,411 rulings were against the Bank, 56 rulings were favourable for the Bank, 573 cases were settled and 42 claims were withdrawn.

On 31 December 2022, the outstanding gross balance of loan agreements under individual court cases and class actions against the Bank was PLN 5,576 million, of which the outstanding amount of the loan agreements under the class action proceedings was PLN 897 million. If all of the Bank's loan agreements, which were then subject to individual and class action court proceedings, were declared invalid without awarding the Bank a proper compensation from the borrowers for the use of capital, the pre-tax cost could reach PLN 5,499 million, and overall losses would be higher or lower depending on the final decision of the court in this regard. On 30 June 2023, the outstanding gross balance of the loan agreements under individual court cases and class action against the Bank (including the former Euro Bank portfolio) was PLN 5,730 million, of which the outstanding amount of the loan agreements under the class action proceeding was 826 million PLN. If all of the Bank's loan agreements which are currently under individual and class action court proceedings would be declared invalid, the pre-tax cost could reach PLN 5,851 million.

In 2022, the Bank created PLN 1,844.0 million provisions for its own portfolio of loans and PLN 173 million for the loans originated by Euro Bank. On 31 December 2022 the balance sheet value of the provisions for the Bank's own portfolio of loans was PLN 4,986 million, and for the portfolio originated by Euro Bank it was PLN 409 million. In the first half of 2023 the Bank created PLN 1,535.5 million provisions for its own portfolio of loans and PLN 85.1 million for the loans originated by Euro Bank. On 30 June 2023 the balance sheet value of the provisions for the Bank's own portfolio of loans was PLN 6,088 million, and for the portfolio originated by Euro Bank it was PLN 474 million. Taking into consideration the recent negative evolution of the court verdicts regarding foreign currency mortgage loans, and if such trend continues, the Bank will have to regularly review and may need to continue to increase the balance of provisions allocated to court litigations.

The Bank took into account the following parameters when developing the methodology for calculating the provisions for legal risk associated with the foreign currency mortgage loans:

- the number of pending court cases, including class actions, and potential lawsuits that may be brought against the Bank in the next three years;
- the loss that the Bank will suffer if a court judgment is not favourable for the Bank;
- the probability of the court issuing a particular judgment in an individual case, assessed on the basis of statistical data on the court proceedings collected by the Bank and legal advice provided to the Bank;
- the estimate of the Bank's loss if the court decides to invalidate the loan agreement; and
- estimates concerning the results of amicable settlements with borrowers.

The legal risks relating to the former Euro Bank portfolio are fully covered by an indemnity pursuant to the indemnity agreement with Société Générale entered into in connection with the sale of Euro Bank to the Bank.

The table below describes how the change of each parameter on which the methodology is based would affect the value of the Bank's estimated loss associated with mortgage loans denominated in foreign currencies:

Parameter	**Scenario**	**Impact on loss**
Change in the number of lawsuits	Additional 1,000 clients file a lawsuit against the Bank	PLN 163 million
Change in estimated losses for each variant of the judgment	Increase in losses for each variant of the judgment by 1 p.p.	PLN 60 million
Change in probability of success in negotiations with the client	Change of probability by 1 p.p.	PLN 25 million

The Bank is open to negotiate, on a case by case basis, favourable conditions for early repayment or conversion of CHF loans to PLN. As a result of these negotiations, the number of active foreign currency mortgage loans originated by the Bank decreased by 8,450 in 2021, 7,943 in 2022 and 1,730 in the first half of 2023. As of the end of the first half of 2023, the Bank had 35,417 active foreign currency mortgage loans. Cost incurred in conjunction with these negotiations were PLN 364.6 million in 2021, PLN 515.2 million in 2022 and PLN 180.3 million in the first half of 2023.

The Group's profitability is already being and may still be materially affected by the need to continue to register provisions for legal risk, which have in the past and may continue to trigger losses that could have a negative impact on the capital and other regulatory ratios of the Group.

On 8 December 2020, the Chairman of the KNF proposed a solution to the Polish banking sector to address the sector risks related to the CHF Mortgage Loans. The solution would consist in offering banks' clients a voluntary possibility of concluding arrangements based on which a client would settle a CHF Mortgage Loan as if it was a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans. As of the date of this Base Prospectus, the Bank has not taken any decision regarding the implementation of this solution and offering it widely to its clients, but cannot exclude implementing it in the future and is already applying parts of this solution in negotiations with particular clients. The decision to implement this solution could necessitate creating additional provisions for the losses resulting from the conversion of CHF Mortgage Loans.

Due to position taken by the CJEU in various judgments concerning the CHF Mortgage Loans, which are generally favourable to the borrowers, the Bank is of the view that it is unlikely that solution proposed by the Chairman of the KNF would be implemented and that the borrowers may be more willing to engage in a court dispute with the Bank rather than to enter into a voluntary arrangement with the Bank as described above.

CJEU rulings relevant to the assessment of the risks related to CHF Mortgage Loans

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

On 3 October 2019, the CJEU issued the judgment in Case C-260/18 in connection with preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law, is binding on domestic courts. The judgment interpreted Article 6 of UTCC establishing that said provision must be interpreted (i) as not precluding a national court, after finding that certain terms of a loan agreement indexed to a foreign currency and subject to an interest rate directly linked to the interbank rate of the currency concerned are unfair, from taking the view, in accordance with its domestic law, that that contract cannot continue in existence without those terms because the effect of their removal would be to alter the nature of the main subject matter of the contract; (ii) the consequences for the consumer of a contract being annulled in its entirety, must be assessed in the light of the existing or foreseeable circumstances at the time when the dispute arose; and, for the purposes of that assessment, the wishes expressed by the consumer in that regard are the decisive factor; (iii) as precluding gaps in a contract caused by the removal of the unfair terms contained in that contract from being filled solely on the basis of national provisions of a general nature which provide that the effects expressed in a legal transaction are to be supplemented, inter alia, by the effects arising from the principle of equity or from established customs, which are neither supplementary provisions nor provisions applicable where the parties to the contract so agree; and (iv) as precluding unfair terms contained in a contract from being upheld where their removal would entail that contract being annulled and the court takes the view that such annulment would give rise to unfavourable effects for the consumer, if the latter has not consented to them being upheld.

The CJEU judgment concerns only the situation where the national court has previously found the contract term to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be regarded as abusive in the circumstances of the case.

On 29 April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of BPH S.A. The CJEU stated that UTCC must be interpreted as meaning that (i) it is for the national court to find that a term in a contract concluded between a seller or supplier and a consumer is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent, which is for the national court to ascertain. However, it does not mean that finding that the original term is unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it; (ii) they do not preclude the national court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by that directive is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature and those provisions preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance, which is for that court to determine; (iii) the consequences of a judicial finding that a term of a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions; and (iv) it is for the national court, finding that a term in a contract concluded between a seller or supplier and a consumer, to inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On 18 November 2021, the CJEU issued a judgment in case C-212/20 in connection with questions submitted by the District Court for Warsaw Wola, in Warsaw, in the case against Raiffeisen Bank International AG. The CJEU stated the UTCC must be interpreted (i) as meaning that the content of a clause of a loan agreement concluded between a seller or supplier and a consumer that sets the buying and selling prices of a foreign currency to which the loan is indexed must enable a consumer who is reasonably well informed and reasonably observant and circumspect to understand, on the basis of clear and intelligible criteria, the way in which the foreign currency exchange rate used to calculate the amount of the repayment instalments is set, in order to enable such consumer to determine, at any time, the exchange rate applied by the seller or supplier; and (ii) as precluding the national court, which has found that a term of a contract concluded between a seller or supplier and a consumer is unfair, within the meaning of Article 3(1) of that directive, from interpreting that term in order to remedy its unfairness, even if that interpretation would correspond to the common intention of the parties to that contract.

On 10 June 2021, the CJEU issued an order in case C-198/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Santander Bank Polska S.A. The CJEU stated that the protection provided for in UTCC is granted to all consumers, not just those who can be considered to be 'duly informed and reasonably observant and circumspect average consumers.

On 8 September 2022, the CJEU issued a judgment in joined cases C-80/21, C-81/21, C-82/21 in connection with questions submitted by the District Court for Warsaw Śródmieście in Warsaw in cases against Deutsche Bank Polska S.A. and mBank S.A. The CJEU stated the UTCC must be interpreted (i) as precluding national case-law according to which the national court may declare unfair not the entire term of a contract concluded between a consumer and a seller or supplier, but only those parts of it which are unfair, so that the term remains partially effective after the removal of those parts, where such removal would be tantamount to revising the content of the term by affecting its substance, which is a matter for the national court to determine; (ii) as precluding national case-law according to which the national court may, after finding that an unfair term contained in a contract concluded between a consumer and a seller or supplier is void and does not result in the annulment of that contract as a whole, replace that term with a supplementary provision of national law; (iii) as precluding national case-law according to which the national court may, after finding that an unfair term contained in a contract concluded between a consumer and a seller or supplier is void and that the contract as a whole is void, replace the annulled term either by interpreting the parties' wishes in order to avoid the annulment of the contract, or by applying to the annulled unfair term a supplementary provision of national law, even though the consumer has been informed of the consequences of the annulment of that contract and has accepted them; and (iv) as precluding national case-law according to which the 10 year limitation period for a consumer's action for the restitution of sums unduly paid to a seller or supplier in performance of an unfair term contained in a credit agreement with a duration of 30 years begins to run on the date of each performance by the consumer, even though the consumer was not in a position, at that date, to assess the unfairness of the contractual term himself or herself or was not aware of the unfairness of the term, and regardless of the fact that the contract had a repayment period, in this case 30 years, which is much longer than the statutory limitation period of ten years.

On 16 March 2023, the CJEU issued a judgment in case C-6/22, following preliminary questions submitted by the District Court for Warsaw-Wola in a case against the former Getin Bank S.A. In the judgment, the CJEU ruled that: (i) in the event that a contract concluded between a consumer and a seller or supplier is declared invalid because one of its terms is unfair, it is for the Member States, by means of their national law, to make provision for the effects of that invalidation, in compliance with the protection granted to the consumer, in particular, by ensuring the restoration of the legal and factual situation that he or she would have been in if that unfair term had not existed; (ii) a national court is not allowed, firstly, to examine of its own motion, without any prerogative conferred on it by national law in that regard, the financial situation of a consumer who has sought the invalidation of the contract between them and a seller or supplier on account of the presence of an unfair term without which the contract cannot legally continue to exist, even if that invalidation is liable to expose the consumer to particularly unfavourable consequences and, secondly, to refuse to declare that invalidation where the consumer has expressly sought it, after being objectively and exhaustively informed of the legal consequences and the particularly unfavourable financial consequences which it may have for the consumer; (iii) a national court is not allowed, after it has found that a term in a contract concluded between a seller or supplier and a consumer is unfair, to fill gaps resulting from the removal of the unfair term contained therein by the application of a provision of national law which cannot be characterised as a supplementary provision. However, it is for the national court, taking account of its domestic law as a whole, to take all the measures necessary to protect the consumer from the particularly unfavourable consequences which annulment of the contract might entail for them.

On 8 June 2023, the CJEU issued a judgment in case C-570/21, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Bank S.A. In the judgment, the CJEU ruled that: (i) provisions of the UTCC must be interpreted as meaning that the concept of a 'consumer', within the meaning of that provision, covers a person who has concluded a loan contract intended for a purpose in part within and in part outside his or her trade, business or profession, together with a joint-borrower who did not act within his or her trade, business or profession, where the trade, business or professional purpose is so limited as not to be predominant in the overall context of that contract; (ii) provisions of the UTCC must be interpreted as meaning that in order to determine whether a person falls within the concept of a 'consumer', within the meaning of that provision, and, specifically, whether the trade, business or professional purpose of a loan contract concluded by that person is so limited as not to be predominant in the overall context of that contract, the referring court is required to take into consideration all the relevant circumstances surrounding that contract, both quantitative and qualitative, such as, in particular, the distribution of the borrowed capital between, on the one hand, a trade, business or profession and, on the other hand, a non-professional activity and, where there are several borrowers, the fact that only one of them is pursuing a professional purpose or that the lender made the grant of credit intended for consumer purposes conditional on a partial allocation of the amount borrowed to the repayment of debts connected with a trade, business or profession.

On 15 June 2023, the CJEU issued a judgment in case number C-287/22, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Bank S.A. In the judgment, the CJEU ruled that provisions of the UTCC must be interpreted as precluding national case law according to which a national court may dismiss an application for the grant of interim measures lodged by a consumer seeking the suspension, pending a final decision on the invalidity of the loan agreement concluded by that consumer on the ground that that loan agreement contains unfair terms, of the payment of the monthly instalments due under that loan agreement, where the grant of those interim measures is necessary to ensure the full effectiveness of that decision.

On 15 June 2023, the CJEU issued a verdict in case C-520/21, in which it indicated that the UTCC does not expressly regulate the consequences of invalidity of a contract concluded between a credit institution and a consumer after the removal of unfair terms contained therein. The CJEU stated that the provisions of the UTCC do not preclude a judicial interpretation of national law, according to which the consumer has the right to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the performance of this contract and the payment of statutory default interest from the date of the request for payment provided that the objectives of the UTCC and the principle of proportionality are respected. With regard to the banks' claims, the CJEU pointed out the provisions of the UTCC preclude the judicial interpretation of national law, according to which a credit institution has the right to demand compensation from the consumer that goes beyond the return of the capital paid for the performance of this contract and beyond the payment of statutory default interest from the date of the request for payment.

The CJEU was also asked to interpret the provisions of the UTCC on various aspects of the limitation period for banks' claims in relation to the invalidity of a contract, including from which event the limitation period for a bank's claims should be calculated. In particular, this issue is the subject of proceedings C-28/22, C-140/22 and C-113/23. The CJEU's legal interpretations to be issued in these cases may be important for the ability of a bank to successfully pursue a claim for reimbursement of the amount of capital paid to the consumer.

Supreme Court rulings relevant to the assessment of the risks related to CHF Mortgage Loans

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

On 7 May 2021, the Polish Supreme Court, composed of seven judges of the Supreme Court, issued a resolution for which the meaning of legal principle has been granted, stating that:

- an abusive contractual clause (art. 385^1 § 1 of the Polish Civil Code), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively;

- if, without the ineffective clause, the loan agreement cannot be binding, the consumer and the lender shall be entitled for separate claims for return of cash benefits made to the other part during the term of this agreement (art. 410 § 1 in relation to art. 405 of the Polish Civil Code). The lender may demand return of the performance from the moment the loan agreement becomes definitively ineffective.

The effect of the Polish Supreme Court's resolution of 7 May 2021 is that the Bank is entitled to a refund of the cash benefit provided by the bank in performance of a permanently ineffective contract. Taking into account the uncertainty as to the starting point of the limitation period for the bank's claims, the Bank Millennium, in order to protect its interests, files lawsuits for payment against borrowers in a court dispute with the bank. The Bank demands the borrower to return the capital made available to the borrower. By 31 December 2022, Bank Millennium had filed over 3,000 lawsuits against borrowers.

On 28 April 2022, the Supreme Court issued a resolution (III CZP 40/22) in which it indicated that in disputes with consumers, the provision of Article 358^1 §1 of the Polish Civil Code is a special provision to Article 353^1 §1 of the Polish Civil Code, which means that if the prerequisites for the application of both provisions exist, the court should apply the special provision and declare the contractual provision definitively ineffective, rather than invalid. This decision of the Supreme Court should be perceived as significantly limiting the risk of Bank's claims for return of capital being time-barred.

In this context, taking into consideration the recent negative evolution in the court verdicts regarding FX mortgage loans, and if such trend continues, the Bank will have to regularly review and may need to continue to increase the balance of provisions allocated to court litigations.

It can be reasonably assumed that the legal issues relating to foreign currency mortgage loans will be further examined by the national courts, possibly resulting in the emergence of further interpretations, which may be relevant for the assessment of the risks associated with FX mortgage loan proceedings. This circumstance indicates the need for constant analysis of these matters. Further request for clarification and ruling addressed to the CJEU and the Polish Supreme Court have already been filed and may still be filed with a potential impact on the outcome of the court cases.

Other events that may impact foreign currency-indexed mortgage loans legal risk and related provision

On 29 January 2021, a set of questions addressed by the First President of the Polish Supreme Court to the full Civil Chamber of the Supreme Court was published. This may have important consequences in terms of clarifications of relevant aspects of the court rulings regarding CHF Mortgage Loans and their consequences. The Civil Chamber of the Supreme Court has been requested to answer certain questions concerning key matters related to FX mortgage agreements: (i) is it possible to replace the abusive provisions of an agreement which refer to FX exchange rate determination with a legal provision or applicable common practices; (ii) in case of impossibility of determining the exchange rate of a foreign currency in the indexed/denominated loan agreement, is it possible to keep the agreement still in force in its remaining scope; (iii) if in case of invalidity of the CHF Mortgage Loans which of the following would be applicable: the theory of balance (i.e. there is a single claim which is equal to the difference between value of claims of bank and the customer) or the theory of two conditions (separate claims for the bank and for the client that should be dealt with separately); (iv) from which point in time the limitation period in case of bank's claim for repayment of amounts made available as a loan starts and (v) whether banks and consumers may receive remuneration for using their funds by another party.

On 11 May 2021, the Civil Chamber of the Polish Supreme Court requested opinions on CHF Mortgage Loans from five institutions including the NBP, the KNF, the Commissioner for Human Rights, the Children's Rights Ombudsman and the Financial Ombudsman.

The positions of: the Commissioner for Human Rights, the Children's Rights Ombudsman and the Financial Ombudsman are in general favourable to consumers, while the NBP and the KNF present a more balanced position, including fair principles of treatment of FX mortgage borrowers vis-à-vis PLN mortgage borrowers, as well as balanced economic aspects regarding solutions for the problem that could be considered by the Polish Supreme Court.

In the following meeting of the Supreme Court that took place on 2 September 2021, the Court did not address the answers to the submitted questions and no new meeting date is known.

Management and Employees

Management and Supervisory Bodies

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

The business address of all members of the Bank's Management Board and of all members of the Bank's Supervisory Board is ul. Stanisława Żaryna 2A, 02-593 Warsaw, Poland.

To the best of the Bank's knowledge, there are no potential conflicts of interest between the duties of the members of the Management Board or the Supervisory Board with respect to the Bank and their private interests or other duties.

Management Board

The Management Board is the Bank's governing body.

The Management Board comprises at least three members appointed by the Supervisory Board for a joint term of office of three years. The Management Board is headed by the Chairperson. Two Management Board members, the Chairperson and the member of the Management Board supervising significant risk management in the Bank's operations are appointed with the consent of the KNF.

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

The Management Board is responsible for running the Bank's operations, representing the Bank externally and executing all powers concerning the Bank's operations which are not vested in other corporate bodies.

The members of the Management Board are set out below:

Name	Position
Joao Bras Jorge	Chairperson of the Management Board
Fernando Bicho	Deputy Chairperson of the Management Board
Wojciech Haase	Member of the Management Board
Andrzej Gliński	Member of the Management Board
Wojciech Rybak	Member of the Management Board
António Pinto Júnior	Member of the Management Board
Jarosław Hermann	Member of the Management Board

Joao Bras Jorge

Joao Bras Jorge is a graduate of Management Studies at Universidade Católica Portuguesa and PADE Advance Management Programme under AESE. He started his professional career as a stockbroker in 1990 and spent the next ten years in investment banking. He also sat on the Board of the Lisbon Stock Exchange. Before his move to Poland he was the Head of the Retail Banking Customer Division and the Co-ordinator of the Retail Network at Millennium BCP. He has been a member of the Bank's Management Board since 2006 and in 2013 became the Chairperson of the Management Board.

Joao Bras Jorge is responsible for the work of the Management Board, internal audit, compliance, legal support, HR, marketing communication, public relations, personal data protection and sustainability.

Fernando Bicho

Fernando Maria Cardoso Rodrigues Bicho graduated from the Economic Department at Universidade Católica Portuguesa in 1984. In 1993, he obtained an MBA from Universidade Católica Portuguesa. He gained his professional experience inter alia in the Portuguese Foreign Investment Institute, Lloyds Bank Plc in Lisbon and União de Banco Portugueses (UBP), later renamed as Banco Mello. He was a fund manager and was also in charge of the treasury and capital markets, securities operations, asset and liabilities management, issues on international capital markets, capital management and investor relations. After Banco Mello's purchase by BCP in 2000, he worked in the BCP Corporate Centre and from June 2001 he was the head of the Assets and Liabilities Management Division of the BCP Group. He became a member of the Bank's Management Board in 2002, and in 2012 he became the Deputy Chairperson of the Bank's Management Board.

Fernando Bicho supervises treasury, accounting, financial reporting and control, taxes, capital investments, relations with investors and financial institutions, management information and central acquisition, as well as coordination of Group entities (other than leasing, brokerage, investment funds and start-ups).

Wojciech Haase

Wojciech Haase is a graduate of the Faculty of Production Economics at Gdańsk University. He worked at the NBP where he was a member of the group establishing BG. From 1989 to 1997 he worked at BG, first in the Credit Department and then in the Treasury Department. From 1993 he was a Deputy Chairperson of the Management Board of BG and then the acting Chairperson of the Management Board of BG. Since 1997 he has been a member of the Bank's Management Board.

Since 4 December 2015 Wojciech Haase is the Bank's material risk management supervisor. Moreover, he supervises risk management, risk models, credit and ratings processes, liabilities collection and treasury control.

Andrzej Gliński

Andrzej Gliński graduated from the Poznań University of Technology and completed post-graduate studies in banking and finance at the Warsaw School of Economics. He started his career in banking at Bank Handlowy w Warszawie S.A. He joined the Group in 2004 as the Chairperson of Millennium Leasing sp. z o.o. He then became the Head of the Bank's Corporate Banking Area and he has been a member of the Bank's Management Board since 2010.

Andrzej Gliński supervises corporate banking and its support (excluding corporate banking marketing), factoring and trade financing, structured finance, custody, as well coordination of the Group entities: leasing and brokerage

Wojciech Rybak

Wojciech Rybak graduated from the Faculty of Economics at the University of Szczecin and Tempus – Portassist Programme at the University of Antwerp. He joined the Group as the head of a branch in 1996. In 2003 he became a member of the Management Board of Millennium Leasing sp. z o.o. He has been a member of the Bank's Management Board since 2016.

Wojciech Rybak supervises the retail sales network, its optimization and support, private banking and direct banking.

António Pinto Júnior

António Ferreira Pinto Júnior graduated with a degree in Economics from Oporto University and studied Corporate Finance at Minho University. He started his professional career in 1990 in Banco Português do Atlântico, which became a part of the BCP Group in 1994. He held various positions, including managerial positions, in Retail and Corporate Banking, in marketing and sales support areas. From 2002 to 2011 he worked in the Bank as the Head of Departments of Marketing, Quality, Processes and Operations, and from April 2010 he was a Member of the Management Board. From 2010 to 2018 he was the Head of the Retail Banking Marketing Department in Millenniumbcp in Portugal, and between July 2016 and May 2018 he was also a non-executive Member of the Management Board of ActivoBank. He became a member of the Bank's Management Board in 2018.

António Ferreira Pinto Júnior supervises electronic banking, sales campaigns, retail and corporate banking marketing, processes support management, administration and infrastructure, complaints and quality of services, coordination of Group entities from the area of investment funds and start-ups.

Jarosław Hermann

Jarosław Hermann is a graduate of the Applied Mathematics and Physics Faculty at the Warsaw University of Technology and the Carlson School of Management MBA programme in 2002. During his professional career he held various managerial positions in the IT & Operations areas. From 2005 to 2010 he was a member of the management board of First Data Poland, responsible for providing IT and operational services for card acquiring and financial solutions business lines. From 2010 to 2016 he was a member of the management boards of AXA companies in Poland, responsible for IT & Operations. From 2016 to 2018 he was vice-president of the management board of Polskie ePłatności, an emerging card acquirer. He has been a member of the Bank's Management Board since 2018.

Jarosław Hermann supervises IT, products operations, settlement and cash management, evidencing, control and settlement of treasury transactions, security and business continuity.

Supervisory Board

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

The Supervisory Board consists of at least five members elected by the General Meeting for a joint term of office of three years. At least two members of the Supervisory Board must be independent members. At least half of the members of the Supervisory Board, including the Chairperson, must be Polish citizens.

The responsibilities of the Supervisory Board include:

- reviewing the Group's annual financial statements;
- approving the long-term development plans prepared by the Management Board;
- appointing, suspending and dismissing members of the Management Board;
- delegating members of the Supervisory Board for temporary positions on the Management Board; and
- concluding, amending and terminating agreements with members of the Management Board.

The Supervisory Board should meet at least once each calendar quarter. For resolutions passed at Supervisory Board meetings to be valid, at least half of the members must be present at the meeting and all members must be invited. Passing a Supervisory Board resolution requires a majority of votes and if there is an even number of votes, the Chairperson has the casting vote.

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

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

Name	Position
Bogusław Kott	Chairperson of the Supervisory Board
Nuno Manuel da Silva Amado	Deputy Chairperson of the Supervisory Board
Dariusz Rosati	Deputy Chairperson and Secretary of the Supervisory Board
Miguel de Campos Pereira de Bragança	Member of the Supervisory Board
Olga Grygier-Siddons	Member of the Supervisory Board
Anna Jakubowski	Member of the Supervisory Board
Grzegorz Jędrys	Member of the Supervisory Board
Alojzy Nowak	Member of the Supervisory Board

José Miguel Bensliman Schorcht da Silva Pessanha	Member of the Supervisory Board
Miguel Maya Dias Pinheiro	Member of the Supervisory Board
Beata Stelmach	Member of the Supervisory Board
Lingjiang Xu	Member of the Supervisory Board

Bogusław Kott

Bogusław Kott graduated from the Foreign Trade Faculty at the Warsaw School of Economics. For many years he worked at the Ministry of Finance, specialising in foreign trade financing. He is one of the founders of BIG and, from 1989 to 2013 he was the Chairperson of the Management Board first of BIG and, later, the Bank. He has been the Chairperson of the Bank's Supervisory Board since 2013. He has been a Member of the Polish Business Roundtable since 1994 and became its Honorary Member in 2020. He joined the Board of Trustees of Kozminski University in Warsaw in 2018.

Nuno Manuel da Silva Amado

Nuno Manuel da Silva Amado has a Business Degree from Instituto Superior de Ciencias do Trabalho e da Empresa. He also attended the Advanced Management Programme at INSEAD. He has held various positions in audit firms and banks in Portugal. From 2012 to 2018 he was Vice-Chairperson of the Board of Directors and CEO of BCP. Since 2018 he has been the Chairperson of the Board of Directors of BCP. He has been a Deputy Chairperson of the Bank's Supervisory Board since 2012.

Dariusz Rosati

Dariusz Rosati holds a degree in International Trade from the Warsaw School of Economics). He is a Professor Emeritus of Economic Sciences at the Institute of International Economic Policy at the Warsaw School of Economics. He held various positions in the Polish public administration and also acted as a consultant for various international organisations. He has also been a member of the Polish parliament and the European Parliament. He became a member of the Bank's Supervisory Board in 2004.

Miguel de Campos Pereira de Bragança

Miguel de Campos Pereira de Bragança holds a Degree in Management and Administration from the Catholic University of Portugal and an MBA from INSEAD. Since 1989 he has worked at banks in Portugal, Brazil and Great Britain. Since 2012 he has been a Member of the Board of Directors and Vice-Chairman of the Executive Committee of BCP. Since 2018 he has held positions as non-executive Director of SIBS, SGPS, SA and of SIBS Forward Payment Solutions, SA and non-executive Director of the Board of Directors of UNICRE- Instituição Financeira de Crédito, SA, as representative of Banco Comercial Português, SA. He became a member of the Bank's Supervisory Board in 2012.

Olga Grygier-Siddons

Olga Grygier-Siddons graduated from the University of Manchester, in Computer Science and Accounting. She is also a Fellow Chartered Accountant, registered with the Institute of Chartered Accountants of England and Wales. She has pursued her professional career in the advisory sector and held various positions at PwC. Currently, she serves as a strategic advisor and mentor and until today she performs the following functions: Member of the Council of the Silesian University, Member of the Belvedere Forum Steering Committee; Member of the Emerging Europe Steering Committee; founder and CEO of the Experiential Learning Hub - Villa Poranek. Since 2021 she has been an independent member of the Bank's Supervisory Board.

Anna Jakubowski

Anna Jakubowski graduated with a Bachelor of Business Administration from Wilfrid Laurier University in Canada. During her professional career she has held management positions at Procter & Gamble, Coca-Cola, Marie Brizard Wine & Spirits and Avon Cosmetics. Currently she is the Managing Director of Life Institute sp. z o.o. sp. k., in which she is an investor. She has also been involved with a number of trade bodies and associations. She joined the Bank's Supervisory Board in 2015 and is an independent member of the Bank's Supervisory Board.

Grzegorz Jędrys

Grzegorz Jędrys graduated from the Production Economics Faculty of the Warsaw School of Economics and from a post-graduate course at the Warsaw School of Economics in Strategic Marketing Management. He has held managerial positions at investment funds and other financial institutions. Since 2005 he has been the Head of Poland's Representative Office of the Polish American Freedom Foundation. Since 2013 he has been a member of the Bank's Supervisory Board and is an independent member of the Bank's Supervisory Board. Since 9 July 2020, acting as a Member of the Supervisory Board of Millennium Bank Hipoteczny S.A.

Alojzy Nowak

Alojzy Nowak is the professor of economics and the Rector of the Warsaw University. He is an author of more than 300 publications and a lecturer at a number of universities in Poland and abroad. He is also a member of various advisory bodies, including the National Development Council established by the President of Poland. He joined the Bank's Supervisory Board in 2018 and is an independent member of the Bank's Supervisory Board.

José Miguel Bensliman Schorcht da Silva Pessanha

José Miguel Bensliman Schorcht da Silva Pessanha holds a Master's Degree in Economics from Université Catholique de Louvain and a Master's Degree in Operational Investigation (academic portion) from Instituto Superior Técnico and has a Licentiate Degree in Economics from Universidade Católica Portuguesa. He has held various positions in the Portuguese financial sector since 1982 and joined the BCP Group in 1998. Currently he is a Member of the Board of Directors and of the Executive Committee of Banco Comercial Português, S.A., Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Millennium bcp Ageas Grupo Segurador, SGPS, S.A., Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. and Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Ageas – Sociedade Gestora de Fundos de Pensões, S.A. (formerly Ocidental – Sociedade Gestora de Fundos de Pensões, S.A.), a Member of the Board of Directors and Chairman of the Audit Committee of BIM – Banco Internacional de Moçambique, S.A., and Member of the Board of Directors and Chairman of the Audit Committee of Banco Millennium Atlântico, S.A. He has been a member of the Bank's Supervisory Board since 2018.

Miguel Maya Dias Pinheiro

Miguel Maya Dias Pinheiro graduated from Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE) with a licentiate degree in Business Organization and Management, having also completed the Senior Management Programme (PADE) – AESE, the Advanced Management Programme – INSEAD and the Corporate Governance Programme - AESE. He joined the BCP Group in 1996 and has held senior management positions at various companies within the BCP Group. Currently he holds the following positions in BCP's Group governing bodies: Chief Executive Officer and Vice-Chairman of the Board of Directors of BCP, Chairman of the Board of Directors of ActivoBank, S.A., Manager of BCP Africa, SGPS, Lda. and Member of the Board of Directors of Banco Internacional de Moçambique, S.A. He joined the Bank's Supervisory Board in 2015.

Beata Stelmach

Beata Stelmach is a graduate of the Finance and Statistics Faculty at the Warsaw School of Economics. She also holds an MBA from Calgary University and INSEAD. She has held managerial positions in various Polish financial institutions as well as Prokom Software S.A., General Electrics and PZL Świdnik S.A. From 2011 to 2013 she was Undersecretary of State at the Ministry of Foreign Affairs, responsible for global economic policy as well as public and cultural diplomacy. Since 2021 she has been a member of the Bank's Supervisory Board and is an independent member of the Bank's Supervisory Board.

Lingjiang Xu

Lingjiang Xu has a Bachelor's Degree in German from the Foreign Studies University of Beijing, a Master's Degree in World Economics from the Nan Kai University, Tianjin and a Master's Degree in Finance from the London Business School. He has held various positions in the Chinese public administration and diplomatic service. In 2011 he moved to the financial sector. Currently he is non-executive Member of the Board of Directors, Member of the Committee for Nominations and Remunerations and Chairman of the

Committee for Corporate Governance, Ethidescrics and Professional Conduct of Banco Comercial Português, S.A., non-executive Member of the Board of Directors of Fidelidade - Companhia de Seguros, S.A., Chairman of the Board of Directors of Longrun Portugal, SGPA, S.A. and since November 2019 Member of the Board of Directors of Luz Saude, S.A. In 2018 he became a member of the Bank's Supervisory Board.

Employees

As at 31 December 2022, the Group had 6,860 employees (full time equivalent) as compared with 6,942 employees (full time equivalent) 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 meeting individual objectives.

MARKET AND LEGAL ENVIRONMENT

Market

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

The outbreak of the war in Ukraine has significantly affected the Polish economy in 2022 and 2023. The economic sanctions imposed on Russia and Belarus as well as severe disruptions to the commodities' supply chains triggered a rapid increase in inflation. In February 2023, consumer price inflation in Poland reached 18.4 per cent. year-on-year, its highest level since 1996. The average consumer price inflation in 2022 was 14.4 per cent., as compared to 5.1 per cent. in 2021. To limit inflation, the Monetary Policy Council increased the NBP's reference rate to 6.75 per cent., the highest level since 2002. High inflation accompanied by tight monetary conditions has reduced households' real income and therefore private consumption, especially expenditures on goods. As a consequence economic growth started to decelerate. In the first quarter 2023 the GDP growth reached -0.3 per cent year-on-year, compared to an increase of 5.1 per cent. in 2022.

The tightening of the monetary policy led a to a decrease in demand for loans, both from households and non-financial companies. The value of granted housing loans decreased in the second quarter of 2023 by 29.4 per cent year-on-year. On the other hand, high interest rates led to an increase in deposits, especially from households.

The Bank expects the Polish economy to start recovering in the second half of 2023. In the first half of 2023 the inflation rate decreased, mostly because of decrease in commodities prices. Low unemployment and a decrease in commodities prices should support the recovery in consumption. Inflation is expected to go down in coming quarters but it should remain above the central bank's target. However, recently the NBP governor signalled the start of interest rate cuts in Poland.

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 its branches were divided among the newly-established banks to give each new bank a regional base. All of these regional banks were transformed into joint stock companies in October 1991 and were subsequently privatised between 1993 and 2001. Since 1991, Polish banking law has allowed the licensing of new private banks in Poland and opened the Polish banking market to foreign investors. As a result, there has been a rapid expansion in the number of banks due to foreign banking groups entering the market.

According to the KNF, as at 31 May 2023, there were 30 commercial banks in Poland, 34 branches of credit institutions and 492 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 April 2023, the market share in total banking assets of the top five banks stood at 58.8 per cent. (compared with 56.8 per cent. as at the end of December 2021).

Other factors having an impact on competition include the consolidation of the Polish banking sector. For example, in 2013, Santander Bank Polska S.A. and Kredyt Bank S.A. merged, Getin Noble Bank S.A. acquired Dexia Kommunalkredit Bank Polska S.A. and the retail operations of DnB Nord Polska S.A.; in 2014, Nordea Bank Polska S.A. merged with PKO Bank Polski S.A., Santander Bank Polska S.A. took over control of Santander Consumer Bank S.A.; in 2015, Bank BGŻ S.A. merged with BNP Paribas S.A. and Alior Bank S.A. acquired Meritum Bank ICB S.A.; and, in 2016, Bank BGŻ BNP Paribas S.A. merged with Sygma Bank Polska S.A., and Alior Bank S.A. merged with the core business of Bank BPH S.A. 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, the Bank acquired Euro Bank. In January 2021, Bank Pekao S.A. took over a part of Idea Bank, which had been subject to resolution procedure. In April 2021, Citi announced its intention to sell its retail banking operations in Poland.

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

As a result of changes in the shareholding structure of Polish commercial banks, in particular the takeover of Bank Pekao S.A. by PZU S.A. and PFR S.A., in 2017 the share of foreign ownership in banking assets in the country declined markedly. According to the KNF, as at 30 April 2023 48.9 per cent. of the total assets of the Polish banking sector belonged to foreign-owned banking groups, compared with 42.7 per cent. at the end of 2021.

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

Legal environment

Specific Requirement for the Banks

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

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

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

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

Banking Supervision Exercised by the KNF

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

- assessing the financial position of banks, including analysing liquidity, the quality of assets, solvency and the financial results of banks;
- estimating, maintaining and reviewing internal capital;
- auditing the quality of risk management systems, and in particular 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 acceptable risk in their operations as determined by the KNF.

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

Other Supervisory Authorities

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

- the Office of Competition and Customer Protection, regarding protecting market competition and consumers' collective rights;

- the Financial Ombudsman, regarding protecting consumers' rights raised in a complaint handling process;

- the Head of the Data Protection Office, regarding collecting, processing, managing and protecting personal data; and

- the minister responsible for financial institutions and the General Inspector for Financial Information regarding the prevention of money laundering and the financing of terrorism.

Bank Guarantee Fund

The BGF guarantee covers the monetary assets deposited in bank accounts or receivables regarding claims confirmed by documents issued by banks with a guarantee system. Participation in the guarantee system is mandatory for all Polish banks and in certain instances for branches of foreign banks operating in Poland. Banks covered by the guarantee system make mandatory annual payments to the BGF and are obliged to set up a guaranteed funds protection fund. The mandatory guarantee system ensures that if a bank becomes insolvent, the funds deposited in bank accounts, up to an amount specified in the regulations, are returned. As at the date of this Base Prospectus, funds up to an amount equivalent to EUR 100,000 per single person regarding deposits in all accounts at a given bank are fully covered by the guarantee system. Funds deposited, in particular, by government administration authorities, other banks, credit institutions, insurance companies and investment and pension funds are not covered by the guarantee system.

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

Institutional Protection Scheme for Commercial Banks

On 10 June 2022, the KNF approved the agreement and recognised the institutional protection scheme created in accordance with Article 130c of the Banking Law by eight Polish commercial banks (the Bank, Alior Bank S.A., BNP Paribas Bank Polska S.A., ING Bank Śląski S.A., mBank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A. and 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. ("**SOBK**"). The protection scheme can be joined by other local banks provided they satisfy the terms and conditions set out in general law and in the protection scheme agreement. As part of the system, an aid fund has been established to which the participating banks provided cash contributions. Further contributions to the aid fund will require a unanimous resolution of the general meeting of shareholders of the SOBK. The aid fund may be used to ensure liquidity and solvency the participants of the scheme, support resolution of a bank conducted by the BGF and the takeover of a bank being a joint-stock company pursuant to Art. 146b paragraph 1 of the Banking Law. On 30 September 2022, the SOBK provided financial support for the resolution process concerning Getin Noble Bank S.A.

Consumer Protection

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

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

Personal Data Protection

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

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

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

- the definition of personal data, including identifying the person to whom the data relates, will be much broader;
- automated processing of personal data will be permitted under certain conditions;
- the legal rights of individuals will be increased considerably;
- personal data processors, controllers and data protection officers will have many new obligations relating to the technical and organisational protection of personal data; and
- administrative fines for non-compliance with the Regulation could reach EUR 20 million or 4 per cent. of an organisation's annual worldwide turnover. Moreover, individuals will have the right to judicial redress and to claim compensation in excess of the statutory fines.

TAXATION

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

REPUBLIC OF POLAND

The following is a discussion of certain Polish tax considerations relevant to an investor resident in Poland or which is otherwise subject to Polish taxation. This statement should not be deemed to be tax advice. It is based on Polish tax laws and, as their interpretation refers to the position as at the date of this Base Prospectus, it may thus be subject to change, including a change with retroactive effect. Any change may negatively affect the tax treatment, as described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their individual circumstances. Prospective purchasers of Notes are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of Notes.

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

For the purposes of this section

"**Affiliated Entities**" shall mean:

(a) entities of which one entity Exercises a Significant Influence on at least one other entity;

(b) entities on which a Significant Influence is Exercised by:

  (i) the same other entity; or

  (ii) the spouse or a relative by consanguinity or affinity up to the second degree of a natural person exercising a significant influence on at least one entity;

(c) a tax transparent partnership and its partners (partner);

(d) a limited partnership or limited joint-stock partnership with their registered office or place of management in the territory of Poland and their general partners;

(e) a general partnership subject to corporate income tax with its registered office or place of management in the territory of Poland and its partner(s);

(f) a taxable person and their foreign establishment, and in the case of a tax capital group – a company being its part and its foreign establishment,

each of being a manifestation of an existence of an "**Affiliation**".

"**Exercising a Significant Influence**" shall mean:

(a) holding directly or indirectly at least 25 per cent. of:

  (i) shares in the capital;

  (ii) voting rights in the supervisory, decision-making or managing bodies; or

  (iii) shares (or rights to participate in) profits, losses or property (or their expectations), including participation units and investment certificates;

(b) the actual ability of a natural person to influence key economic decisions taken by a legal person or an organisational unit without legal personality, or

(c) being the spouse or a relative by consanguinity or by affinity up to the second degree.

Taxation of a Polish tax resident individual

Under Art. 3.1 of the Personal Income Tax Act dated 26 July 1991 (the "**PIT Act**"), individuals, if residing in Poland, are liable for tax on their total income (revenue) irrespective of the location of the sources of revenue (unlimited obligation to pay tax).

Under Art. 3.1a of the PIT Act, a Polish tax resident individual is a natural person who (i) has 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.

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

Withholding tax on interest income

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

Under Article 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the Polish 19 per cent. tax upon any interest payment.

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

There are no regulations defining in which cases income earned (revenue) by a Polish tax resident should be considered income (revenue) earned in Poland. However, we can expect those cases to be analogous to those of non-residents. Pursuant to Art. 3.2b of the PIT Act, income (revenues) earned in Poland by non-residents shall include in particular income (revenues) from:

(a) work performed in Poland based on a service relationship, employment relationship, outwork system and co-operative employment relationship irrespective of the place where remuneration is paid;

(b) activity performed in person in Poland irrespective of the place where remuneration is paid;

(c) economic activity pursued in Poland, including through a foreign establishment located in Poland;

(d) immovable property located in Poland or rights to such property, including from its disposal in whole or in part, or from disposal of any rights to such property;

(e) securities and derivatives other than securities, admitted to public trading in Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;

(f) the transfer of ownership of shares in a company, of all rights and obligations in a partnership without legal personality, or participation in an investment fund, a collective investment undertaking, or other legal entity and rights of similar character or from receivables being a consequence of holding those shares, rights and obligations, participation or rights, if at least 50 per cent. of the value of assets of this company, partnership, investment fund, collective investment undertaking or legal entity is constituted, directly or indirectly, by immovable property located in Poland, or rights to such immovable property;

(g) the transfer of ownership of shares, all rights and obligations, participation or similar rights in a real estate company (as defined in the PIT Act);

(h) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organisational units without legal personality, having their place of residence, registered office, or management board in Poland, irrespective of the place of concluding and performing the agreement; and

(i) unrealised gains as referred to in the exit tax regulations.

The above list is not exhaustive; therefore, the tax authorities may also consider that income (revenues) not listed above is sourced in Poland.

Given the above, each situation should be analysed to determine whether interest earned by a Polish tax resident individual from the Notes is considered to be income sourced in Poland and whether the entity operating the securities account for the individual will withhold the tax. Since the Issuer is a Polish entity, as a rule, interest from the Notes should be considered as earned in Poland.

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

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

Additionally, under Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities (including the Notes referred to herein) registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter (under Art. 41.10 of the PIT Act the entity operating the Omnibus Account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder.

Under Art. 45.3c of the PIT Act, taxpayers are obliged to disclose the amount of interest (discount) on securities (including the Notes referred to herein) in the annual tax return if the Notes were registered in Omnibus Account and the taxpayer's identity was not revealed to the tax remitter.

Under Art. 30a.9 of the PIT Act, withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

Income other than interest

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

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

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

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

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

Taxation of a Polish tax resident corporate income taxpayer

Under Art. 3.1 of the Corporate Income Tax Act dated 15 February 1992 (the "**CIT Act**") the entire income of taxpayers who have their registered office or management in Poland is subject to tax obligation in Poland, irrespective of where the income is earned.

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

Income (revenue) from the Notes, both on account of interest/discount and other income, including transfer of securities against a consideration, earned by a Polish tax resident corporate income taxpayer whose entire income is subject to tax liability in Poland, is subject to income tax following the same general principles as those which apply to any other income received from business activity within the same source of income. In principle, the income (revenue) from the Notes, including their transfer against a consideration, should be regarded as revenues from capital gains (Art. 7b.1 of the CIT Act). In the case of insurers, banks and some other entities (financial institutions), this revenue is included in revenues other than revenues from capital gains (Art. 7b (2) of the CIT Act).

As a rule, for Polish income tax purposes, interest is recognised as revenue on a cash basis, i.e. when it is received and not when it has accrued. Revenue from a transfer of securities against a consideration is in principle their value expressed in the price specified in the contract. According to Art. 14 of the CIT Act, if the price expressed in the contract, without a valid reason, significantly deviates from the market value, the revenue amount is determined by the tax authority in the amount of the market value. In the case of income from the transfer of securities against a consideration, tax deductible costs are generally recognised when the corresponding revenue has been achieved. The taxpayer itself (without the remitter's participation) settles income tax on interest/discount and on the transfer of securities against a consideration, which is settled along with other income from the taxpayer's business activity within the same source of income.

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

Although, in principle, no Polish withholding tax should apply on interest payable to Polish corporate income taxpayers, given the specific rules applying to interest income on securities held in Omnibus Accounts, under Art. 26.2a of the CIT Act, the tax remitter (i.e. the entity operating the Omnibus Accounts, according to Art. 26.2b of the CIT Act) should withhold full 20 per cent. tax 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. If such tax is withheld for a Polish tax resident corporate income taxpayer, to discuss a refund of such tax, the entity should contact its tax advisor.

Any withholding tax incurred outside Poland (including countries which have not concluded any tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than the tax calculated in accordance with the applicable domestic tax rate, can be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements (Art. 20.1 of the CIT Act).

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

Under Art. 3.2a of the PIT Act, natural persons, if they do not reside in Poland, are liable to pay tax only on income (revenue) earned in Poland (limited obligation to pay tax).

Under Art. 3.2 of the CIT Act, in the case of taxpayers who do not have their registered office or management in Poland, only the income they earn in Poland is subject to tax obligation in Poland.

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

(a) all types of activities pursued in Poland, including through a foreign establishment located in Poland;

(b) immovable property located in Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property;

(c) securities and derivatives other than securities, admitted to public trading 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, participation in an investment fund or a collective investment undertaking, or other legal entity and rights of similar character or from receivables being a consequence of holding those shares, rights and obligations, participation or rights, if at least 50 per cent. of the value of assets of this company, partnership, investment fund, collective investment undertaking or legal entity is constituted, directly or indirectly, by immovable property located in Poland, or rights to such immovable property;

(e) the transfer of ownership of shares, all rights and obligations, participation or similar rights in a real estate company (as defined in the CIT Act);

(f) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organisational units without legal personality, having their place of residence, registered office, or management board in the Republic of Poland, irrespective of the place of concluding or performing the agreement; and

(g) unrealised gains referred to in the exit tax regulations chapter.

Similar provisions are included in Art. 3.2b of the PIT Act.

It should be noted that the list of incomes (revenues) gained in Poland, as provided in Art. 3.3. of the CIT Act and Art. 3.2b of the PIT Act is not exhaustive, therefore, other income (revenues) may also be considered as earned in Poland.

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

Special exemption for securities meeting special conditions

Under Art. 17.1.50c of the CIT Act, there is a tax exemption (Foreign Tax Residents Exemption) applicable to income earned by a CIT taxpayer subject to limited tax liability in Poland in respect of interest or a discount on securities:

(a) having a maturity of at least one year; and

(b) admitted to trading on a regulated market or introduced into an alternative trading system within the meaning of the Act of 29 July 2005 on Trading in Financial Instruments, in the territory of

Poland or in the territory of a state that is a party to a double tax convention concluded with Poland which regulates the taxation of income from dividends, interest and royalties,

unless the taxpayer is an Affiliated Entity of the issuer of such securities, and holds, directly or indirectly, together with other Affiliated Entities, more than 10 per cent. of the nominal value of those securities.

Under Art. 26.1aa of the CIT Act, remitters are not obliged to withhold tax on interest or discount in respect of the securities meeting the above requirements, without verifying eligibility for the Foreign Tax Residents Exemption (the "**Remitter's Exemption**"). However, according to the regulations entering into force from 1 January 2024, the Remitter's Exemption changes and the remitter, before applying any withholding tax relief, will be required to verify the eligibility of the given investor for the Foreign Tax Residents Exemption or any other withholding tax exemption or relief. Further to Art. 26 CIT, the remitter should preserve due diligence in verification process.

Given the above, from 1 January 2024, although the given foreign tax resident investor may qualify for the Foreign Tax Residents Exemption, in practice, withholding tax can be collected by the relevant tax remitter due to procedural requirements (foreign resident entities are not considered as tax remitters of Polish withholding tax, unless they act through a permanent establishment in Poland). Regarding a refund of the tax withheld, each investor should consult their tax advisors.

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

Failure to meet the conditions for the Foreign Tax Residents Exemption

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

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

Under Art. 26.1 of the CIT Act, interest payers, other than individuals not acting within the scope of their business activity, should withhold this tax and similar provisions are provided in Art. 41.4 of the PIT Act. According to Art. 26.7 of the CIT Act, a payment for the purposes of Art. 26.1 of the CIT Act shall mean a discharge of a liability in any form, including by payment, deduction or capitalisation of interest.

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

The described rules of taxation may be modified by the relevant provisions of double tax treaties concluded by Poland, based on which a reduced tax rate or income tax exemption may apply to income (revenue) obtained from interest/discount (Art. 21.2 of the CIT Act, Art. 30a.2 of the PIT Act). To benefit from the tax rate or income tax exemption under the tax treaty, the taxpayer should present a valid certificate of its tax residency. As a rule, unless validity date is not included in the certificate itself, the tax residency certificate is considered valid for twelve consecutive months from its date of issue. Given that tax remitters must preserve due diligence in verification of any tax relief conditions, they may require additional documentation in order to be able to apply double tax treaty benefits described above, such as the confirmation of the recipient's beneficial owner status towards the interest payments.

Moreover, many tax treaties provide protection only for beneficial owners. Pursuant to Art. 4a.29 of the CIT Act and, respectively, Art. 5a.33d of the PIT Act, beneficial owner means an entity meeting all of the following conditions:

(a) it receives the amount due for its own benefit, which includes deciding independently about its purpose, and bears the economic risk associated with the loss of that receivable or part of it;

(b) it is not an intermediary, representative, trustee, or another entity legally or actually obliged to transfer the receivable in whole or in part to another entity; and

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

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

(a) the business activity carried out by the taxpayer is performed through an existing enterprise that actually performs activities constituting an economic activity; in particular, it possesses premises, qualified personnel and equipment used for performing business activity;

(b) the taxpayer does not create artificial arrangement without a connection with any business activity;

(c) the taxpayer's actual premises, its personnel or equipment correspond to the scope of its actual business activity;

(d) the agreements concluded by the taxpayer are realistic in economic terms, they have economic justification and they are not noticeably contrary to the general business interest of the taxpayer; and

(e) the taxpayer carries out its business functions independently, using its own resources, including managers who are present in the country of taxpayer's tax residency.

The majority of double tax treaties concluded by Poland provide for an exemption from income tax on capital gains, including income from the sale of securities obtained in Poland by a tax resident of a given country.

Separate, specific rules apply to interest income on securities held in Omnibus Accounts. Also, in cases where Polish withholding tax should not apply on interest payable to non-Polish tax residents (natural persons or corporate income taxpayers), under specific rules applicable to interest income on securities held in Omnibus Accounts there is a risk that such tax would be withheld. Under Art. 26.2a of the CIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. Under Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. If such tax is withheld for non-Polish tax resident taxpayers, to receive a refund of such tax, the entity should contact its tax advisor.

If a person or an entity subject to limited tax liability in Poland acts through a permanent establishment in Poland to which income is related, as a matter of principle provisions of law should apply that are analogous to taxpayers subject to unlimited tax liability in Poland, with some necessary additional requirements (e.g. the requirement to present the interest payer with a certificate of tax residence along with a declaration that the interest is related to the establishment's activities).

Pay & Refund

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

Corporate income tax

Under Art. 26.2e of the CIT Act, if the total amount paid out between Affiliated Entities on account of the items listed in Art. 21.1.1 of the CIT Act (including interest/discount on securities) and Art. 22.1 of the CIT Act (including dividends) to the same taxpayer exceeds PLN 2,000,000 in a 12 months long tax year of the payer, payers are, as a general rule, required to withhold, on the day of payment, a flat-rate income tax at the basic rate (20 per cent. in the case of interest/discount on securities) from the excess over that amount, without being able not to withhold that tax on the basis of an appropriate double tax treaty, and also without taking into account exemptions or rates resulting from special regulations or double tax treaties (the "**Pay & Refund**").

Under Art. 26.2i and 26.2j of the CIT Act, if the payer's tax year is longer or shorter than 12 months, the amount to which the Pay & Refund applies is calculated by multiplying 1/12 of PLN 2,000,000 and the number of months that have begun in the tax year in which the payment was made; if the calculation of that amount is not possible by reference to the payer's tax year, the Pay & Refund shall apply accordingly to the payer's current financial year and, in its absence, with respect to the payer's other period with features specific to the financial year, not longer however than 23 consecutive months.

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

Under Art. 26.2k of the CIT Act, if the payment was made in a foreign currency, to determine whether the amount to which the Pay & Refund applies was exceeded, the amounts paid are converted into PLN at the average exchange rate published by the NBP on the last business day preceding the payment day.

Under Art. 26.2l of the CIT Act, if it is not possible to determine the amount paid to the same taxpayer, it is presumed that it exceeded the amount from which the Pay & Refund applies.

Under Art. 26.7a of the CIT Act, the Pay & Refund does not apply if the payer has declared that:

(a) it holds the documents required by the tax law for the application of the tax rate or tax exemption or non-taxation under special regulations or double tax treaties;

(b) after the verification of the conditions to apply an exemption or reduced withholding tax rate resulting from special regulations or double tax treaties, it is not aware of any grounds for the assumption that there are circumstances that exclude the possibility of applying the tax rate or tax exemption or non-taxation under special regulations or double tax treaties, in particular it is not aware of the existence of circumstances preventing the fulfilment of certain conditions referred to in other regulations, including the fact that the interest/discount recipient is their beneficial owner and, if the interest/discount is obtained in connection with the business activity conducted by the taxpayer, that in the country of tax residence the taxpayer carries on the actual business activity.

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

In the case of withholding tax being a result of the Pay & Refund, if double tax treaties or special regulations provide for a tax exemption or reduced tax rate, the taxpayer or tax remitter (if the taxpayer has paid tax with its own funds and has borne the economic burden of such tax, e.g. as a result of a gross-up clause) may apply for a refund of that tax by submitting the relevant documents and declarations. When recognizing that the refund is justified, the tax authorities shall carry it out within six months.

Analogous provisions apply to personal income tax, including Art. 41.12 of the PIT Act which provides for an analogous Pay & Refund, while the Regulation of the Minister of Finance of 28 December 2022 on exclusion of tax withholding obligation excludes application of Art. 41.12 of the PIT Act by the end of

2023 to payments made by the entities operating securities accounts and Omnibus Accounts if the conditions of the relevant exemption or tax relief are met.

Withholding taxation of certain payments made to tax havens

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

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

European Union Directives on Administrative Co-operation in the Field of Taxation and the Taxation of Savings Income

The EU adopted Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, on administrative co-operation in the field of taxation and repealing Council Directive 2003/48/EC, regarding the taxation of savings income. From 1 July 2005, Member States have been required to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a person to an individual resident in another Member State. A number of non-EU countries and territories (referred to in that Directive) adopted equivalent measures from the same date.

Notwithstanding the repeal of Council Directive 2003/48/EC (as amended by Directive 2014/48/EU), equivalent measures continue to apply in Poland pursuant to the Act on the Exchange of Tax Information with other countries of 9 March 2017.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Poland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions 180 and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are published generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*Terms and Conditions of the Notes — Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

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 25 August 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

General

Each Dealer has severally represented and agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not, directly or indirectly, purchase, offer, sell or deliver any Notes or distribute or publish any Base Prospectus, offering circular, form of application, advertisement or other document or information, in any country or jurisdiction in respect of any Notes except in circumstances that will, to the best of its knowledge and belief, result in compliance in all material respects with any applicable securities laws and regulations.

Without prejudice to the generality of the above paragraph, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will obtain any consent, approval or permission which is, to the best of its knowledge and belief, 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.

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.

If, in respect of any offering of Notes, the offer of such Notes in a given jurisdiction is required to be made by a licensed broker or dealer and if any Dealer or any affiliate of any Dealer involved in such offering is so licensed and so agrees, the offer of such Notes in such jurisdiction shall be deemed to be made by the relevant Dealer(s) or affiliate(s), as the case may be, on behalf of the Issuer.

The United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in the preceding sentence have the meaning given to them by Regulation S.

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 United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986, as amended, (the "**Code**") and regulations thereunder. The Final Terms of the Notes will identify whether the TEFRA D or TEFRA C applies or whether TEFRA is not applicable.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the applicable programme agreement, and as described below, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time, or (ii) otherwise until forty days after the completion of the distribution of the Notes comprising the relevant Series, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells 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 the preceding sentence have the meaning given to them by Regulation S.

In addition, until forty days after the commencement of the offering of Notes comprising any Series, any offer or sale of Notes of such Series within the United States by a Dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Each purchaser of Notes sold outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S), and (b) it is not an affiliate of the Bank or a person acting on behalf of such an affiliate.

(ii) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Rule 903 or Rule 905 of Regulation S, in accordance with any applicable securities laws of any State of the United States.

(iii) It understands that such Notes, unless otherwise determined by the Bank in accordance with applicable law, will bear a legend in or substantially in the following form:

"THIS INSTRUMENT HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT."

(iv) It understands that the Bank, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. Furthermore, each Series of Notes will also be subject to such further United States selling restrictions as the Bank and the relevant Dealer or Dealers may agree and as indicated in the relevant Final Terms.

Prohibition of sales to EEA Retail Investors

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 (the "**EEA**"). 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 ("**EU 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 EU MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), and

the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement 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 the domestic law of the United Kingdom by virtue of the EUWA; or

  (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other Regulatory Restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) *No deposit taking:* in relation to any Notes having a maturity of less than one year:

  (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

  (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

    (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

    (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

  where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not, or in the case of the Issuer would not, if it was not an authorised person, apply to the Issuer; and

(c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, the offering of the Notes has not been registered pursuant to Italian securities legislation or with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy (in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations), except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any application provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and CONSOB; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraphs (i) and (ii) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (the "**Italian Banking Act**") (in each case as amended from time to time) and any other applicable laws and regulations; and

(ii) in compliance with any other applicable laws and regulations (including article 100 bis of the Italian Financial Services Act, where applicable) imposed by the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) or requirements imposed by CONSOB or any other Italian authority.

Provisions relating to the secondary market in the Republic of Italy

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, the Prospectus Regulation and Financial Services Act may require compliance with the law relating to public offers of securities. Furthermore, Article 100-bis of Financial Services Act provides that where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under the Prospectus Regulation or Financial Services Act applies.

France

Each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree, that it undertakes to comply with applicable French laws and regulations in force regarding the offer, the placement or the sale of the Notes and the distribution in France of the Base Prospectus, the Final Terms or any other offering material relating to the Notes.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Dealer has represented, warranted, acknowledged 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 (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of which is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

SFA Product Classification: In connection with Section 309B of the SFA and CMP Regulations 2018, the Issuer has, unless otherwise specified before an offer of Notes, determined the classification of all Notes to be issued under the Programme as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Information for the Affiliated Entities (as defined below) of the Issuer

In order to comply with the obligation to act with due care, as referred to in Article 41 section 25 of the PIT Act and Article 26 section 1ab of the CIT Act, the Issuer informs the Noteholders being the Affiliated Entities (as defined below) that the exemption from income tax pursuant to Article 21 section 1 point 130c) of the PIT Act and Article 17 section 1 point 50c) of the CIT Act applies to income from interest, whereby the note generating the income:

(a) has a maturity of not less than one year;

(b) has been admitted to trading on a regulated market or introduced to an alternative trading system, within the meaning of the Act on Trading in Financial Instruments, in the Republic of Poland or in a state that is a party to a double taxation treaty concluded with the Republic of Poland, the provisions of which set out the principles of taxing income from dividends, interest and royalties; and

(c) in the event that the income is earned by a taxpayer referred to in Article 3 section 2a of the PIT Act, or Article 3 section 2 of the CIT Act, who, at the moment of generating income, is an affiliated entity within the meaning of Article 23m section 1 point 4 of the PIT Act, or within the meaning of Article 11a section 1 point 4 of the CIT Act (the "**Affiliated Entities**") with the issuer of the bonds, then that taxpayer may not hold, directly or indirectly, together with other affiliated entities within the meaning of these regulations, more than 10 per cent. of the nominal value of these bonds.

In view of point (c) above, the Issuer informs the Noteholders being the Affiliated Entities that they must not acquire more than 10 per cent. of the nominal amount of the Notes (the "**Obligation**"). The Obligation applies to Notes issued under the Programme. The Issuer informs the Noteholders being the Affiliated Entities that in the event the Affiliated Entity fails to comply with the Obligation, they may expect to lose the tax exemption referred to in Article 41 section 25 of the PIT Act and Article 26 section 1ab of the CIT Act.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme has been duly authorised by a resolution of the Management Board of the Issuer dated 19 January 2022 and a resolution of the Supervisory Board of the Issuer dated 28 January 2022.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection (or from the date of subsequent publication (as the case may be)) will be available at the Issuer's website https://www.bankmillennium.pl/en/about-the-bank/investor-relations:

(a) the constitutional documents (with an English translation thereof) of the Issuer;

(b) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited semi-annual financial statements (if any) of the Issuer (in each case, with an English translation thereof), together with any audit or review reports prepared in connection therewith; and

(c) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons.

For at least ten years from the date of this Base Prospectus, this Base Prospectus and a copy of any document containing the information incorporated by reference in this Base Prospectus can be obtained from the Issuer's website https://www.bankmillennium.pl/en/about-the-bank/investor-relations. For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on the Bank'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 the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes or Reset 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 prospects of the Issuer or the Group since 31 December 2022 nor has there been any significant change in the financial position or financial performance of the Issuer or the Group, since 30 June 2023.

Borrowing and Funding Structure

There has been no material change in the Issuer's borrowing and funding structure since 31 December 2022.

Litigation

Except for the proceedings described in "*Description of the Group – Litigation - Court claims, current provisions related to foreign currency mortgage loans and events that may impact foreign currency mortgage legal risk and related provision*", there are not and have not been 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 had in such period a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

Deloitte Audyt spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw at al. Jana Pawła II 22, 00-133 Warsaw, Poland, audited the consolidated financial statements of the Group for the years ended 31 December 2021 and 31 December 2022 and issued unqualified auditor's opinions on the aforementioned financial statements.

Deloitte Audyt spółka z ograniczoną odpowiedzialnością sp. k. is registered in the register of auditors held by the Polish Chamber of Statutory Auditors (in Polish: *Polska Izba Biegłych Rewidentów*) under no. 73. On behalf of Deloitte Audyt spółka z ograniczoną odpowiedzialnością sp. k., the consolidated financial statements of the Group for the years ended 31 December 2021 and 31 December 2022 were audited by Dorota Snarska-Kuman (certified auditor, licence no. 9667).

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.

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. 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 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.

Credit Ratings

In accordance with Fitch's ratings definitions available as at the date of this Base Prospectus on Fitch's website, a long-term rating of "BB" indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments.

In accordance with Moody's rating definitions available as at the date of this Base Prospectus on Moody's website, obligations rated "Baa" are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

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