

**THE SECOND SUPPLEMENT DATED 19 AUGUST 2022 TO THE BASE PROSPECTUS DATED 24 MARCH 2022**

**PKO BANK HIPOTECZNY S.A.**

*(incorporated as a joint-stock company under the laws of the Republic of Poland)*

**EUR 4,000,000,000**

**Programme for the issuance of the Covered Bonds (*hipoteczne listy zastawne*)**

This Supplement (the **Supplement**) to the Base Prospectus dated 24 March 2022 as supplemented by the First Supplement to the Base Prospectus dated 14 June 2022 (the **Base Prospectus**), which comprises a base prospectus for the purposes of the Prospectus Regulation, constitutes a second supplement to the Base Prospectus for the purposes of Article 23 of the Prospectus Regulation and is prepared in connection with the EUR 4,000,000,000 programme for the issuance of the Covered Bonds (*hipoteczne listy zastawne*) (the **Programme**) established by PKO Bank Hipoteczny S.A. (the **Bank**).

Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and the First Supplement to the Base Prospectus dated 14 June 2022.

The changes to the Terms and Conditions shall only apply to the Final Terms, the date of which falls on or after the date of the approval of this Supplement.

The Bank accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Bank (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **Purpose of the Supplement**

The purpose of this Supplement is to: (a) update the Base Prospectus in relation to the entry into force of the act implementing Covered Bonds Directive into Polish law in order to ensure Programme compliance with applicable regulations, (b) update the risk factor concerning regulatory intervention concerning borrowers under mortgage loans, (c) incorporate by reference the English translation of the unaudited condensed interim financial statements of the Bank for the six-month period ended 30 June 2022 (the **2022 H1 Financial Statements**) and the English translation of the review report prepared in connection with 2022 H1 Financial Statements; (d) to reflect the resignation of Mr Daniel Goska, the President of the Management Board of the Bank and delegating of Mr Jakub Niesłuchowski, the member of the Supervisory Board, to temporarily perform the duties of the Management Board member holding the position of the President of the Management Board, (e) to update a “**Significant or Material Change**” statement in the Base Prospectus and (f) to update information on the auditors.

### **Amendments to the Base Prospectus**

#### **1. General description of the Programme**

In the “*General Description of the Programme*”, on the page 3 of the Base Prospectus, the text in the row titled “*Denomination of Covered Bonds*” should be replaced with the following:

“Covered Bonds will be issued in such denominations as may be agreed between the Bank and the relevant Dealer save that the minimum denomination of each Covered Bond will be such 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, see “*Certain Restrictions*”, and save that the minimum denomination of each

Covered Bond will be at least EUR 100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency).”

In the “*General Description of the Programme*”, on the page 4 of the Base Prospectus, below the row titled “*Status of the Covered Bonds*”, the following row should be added:

Label: The Covered Bonds constitute “European Covered Bonds” ( *europejskie listy zastawne, or europejskie obligacje zabezpieczone*) within the meaning of Article 27(1) of the Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU. If the Covered Bonds comply with the requirements set out in Article 129 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, they may be labelled as a “European Covered Bonds (Premium)” ( *europejskie listy zastawne (premium), or europejskie obligacje zabezpieczone (premium)*) in the relevant Final Terms.

## 2. **Risk factors**

On the page 15 of the Base Prospectus, the risk factor titled “***The Polish Covered Bonds Act will be materially amended in the near future***” shall be replaced with the following risk factor:

### ***“The Polish Covered Bonds Act has recently been materially amended***

On 8 July 2022, the final provisions of the amendment act to the Polish Covered Bonds Act and certain other acts dated 7 April 2022 (*Ustawa z dnia 7 kwietnia 2022 r. o zmianie ustawy o listach zastawnych i bankach hipotecznych oraz niektórych innych ustaw*), implementing Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the “**Covered Bonds Directive**”) into Polish law, came into force. The new legislation materially amended the Polish Covered Bonds Act. The amendments include, among others, certain new information to be included in the terms of issuance of covered bonds, new provisions concerning the fines and sanctions that may be imposed on mortgage banks by the KNF, clarification of the requirements for derivative contracts to be registered in the cover pool, the alignment of the liquidity buffer of mortgage banks to the level set out in the Covered Bond Directive, certain new information obligations of mortgage banks and indicating that the maturity of the covered bonds may be extended only in the event of the bankruptcy of the Bank. Any changes to the Polish Covered Bonds Act that require the Bank to change the way it conducts business may adversely affect the Bank’s financial standing and its ability to perform obligations under the Covered Bonds. In addition, the Bank may not implement new regulatory requirements correctly, in particular if the new regulations are unclear or when competent authorities adopt different interpretations of new regulations than those adopted by the Bank. In such case, the Bank may be subject to sanctions imposed by the competent authorities or be required to incur additional costs related to compliance with new regulations. For further details, see “Overview of the Polish covered bonds legislation.”

On the page 15 of the Base Prospectus, the risk factor titled “***The proposed regulatory intervention concerning borrowers under mortgage loans may have an adverse effect on the Bank’s financial condition***” added by the First Supplement to the Base Prospectus dated 14 June 2022 shall be replaced with the following:

### ***“The regulatory intervention concerning borrowers under mortgage loans may have an adverse effect on the Bank’s financial condition***

The Monetary Policy Council (in Polish: *Rada Polityki Pieniężnej*) has recently increased the Polish reference rates several times and as of 18 August 2022 the main reference rate is 6.5 per cent. According the Polish Banking Association (in Polish: *Związek Banków Polskich*), the interest rate on the vast majority of mortgage loans is a floating interest rate, being the sum of WIBOR and an applicable margin. WIBOR reflects the changes in the main reference rate, so the reference rate increase led to an increase of interest rates under mortgage loans.

To alleviate the effect the increased interest rates may have on the financial condition of households, the Polish government proposed the Act on Crowdfunding and Supporting Borrowers (in Polish: *Ustawa o finansowaniu*

*społecznościowym dla przedsięwzięć gospodarczych i pomocy kredytobiorcom*, the **Act on Supporting Borrowers**), which was adopted by the Polish parliament on 7 July 2022, signed by the President of the Republic of Poland on 14 July 2022, and entered into force on 29 July 2022.

The Act on Supporting Borrowers introduces the temporary suspension of mortgage loan repayment. In accordance with its provisions, at the request of the borrower, the lender suspends the repayment of a mortgage loan granted in PLN, except for loans indexed to or denominated in a currency other than PLN. The consumer is entitled to a suspension of mortgage loan repayment (i) for two months in the period from 1 August 2022 until 30 September 2022, (ii) for two months in the period from 1 October until 31 December 2022 and (iii) for one month in each quarter in the period from 1 January 2023 until 31 December 2023.

Suspension of mortgage loan repayment is available to the borrower only in relation to one mortgage loan agreement concluded for the purpose of the borrower's own housing needs. During the suspension period, the consumer is not obliged to make payments under the mortgage loan agreement, with the exception of insurance fees associated with the mortgage loan agreement.

In connection with the above, the Bank estimated an adjustment reducing interest income as a result of modification of the expected future cash flows relating to loan agreements of PLN 644 million.

The Bank estimated the impact of the Act on Supporting Borrowers, which, in accordance with paragraph B.5.4.6 of IFRS 9, requires adjusting the gross carrying amount of financial assets so that it reflects the actual and revised contractual cash flows. The Bank recalculated the gross carrying amount of its financial assets as the present value of the estimated future contractual cash flows, which are discounted using the original effective interest rate of financial instruments.

In the first step, the Bank estimated the maximum adjustment determined as the difference between the present value of estimated cash flows from loan agreements taking into account the suspension of instalment repayments and the present gross carrying amount of the loan portfolio. When calculating the maximum loss, it was assumed that all customers having active loan agreements with the Bank would apply for suspension of the repayment to the full extent (i.e., for 8 months). In such a case, the estimated adjustment would amount to approximately PLN 1,021 million.

Next, in order to determine the share of agreements in the case of which customers will apply for suspension of the repayment within the Group, a behavioural model was developed, based on which it was estimated that 63% of the Bank's customers would take advantage of the repayment suspension. Consequently, the adjustment recognized amounted to PLN 644 million. The actual impact of the "credit vacation" option on the Bank's financial results will depend, inter alia, on the number of customers who will take advantage of this option and the number and date of instalments suspended by each of these customers.

The Bank cannot exclude that the suspension of payments under the mortgage loans would adversely impact applicable interest coverage limits. The deterioration in the Bank's financial condition may also lead to the Bank breaching the other regulatory requirements and capital ratios applicable to the Bank.

Additionally, the Act on Supporting Borrowers introduces a procedure for replacing WIBOR with a new benchmark. The details of the benchmark replacing WIBOR are not yet known. Introducing a new benchmark may lead to a decrease of the Bank's interest income under the loans in its portfolio. It may also create operational challenges associated with adapting the Bank's internal processes and settlement procedures to the new benchmark. The Act on Supporting Borrowers also amends the framework for operations of the Borrowers' Support Fund. In particular, the Act on Supporting Borrowers obliged lenders to make additional contributions to the Borrowers' Support Fund in the total amount of PLN 1.4 billion by 31 December 2022. The exact date of payment and the amount of the contribution for a given lender will be determined by a resolution of the Council of the Borrowers' Support Fund. As of the date of this Supplement, the Bank is not required to make contributions to the Borrowers' Support Fund."

### **3. Documents incorporated by reference**

On 18 August 2022, the Bank published the unaudited condensed interim financial statements of the Bank for the six-month period ended 30 June 2022. In connection with the publication of the financial statements, the following section shall be added on the page 23 of the Base Prospectus:

"(e) the English translation of the unaudited condensed interim financial statements of the Bank for the six-month period ended 30 June 2022 ([https://www.pkobh.pl/media\\_files/1c344925-5531-4d61-8210-1141eac72308.pdf](https://www.pkobh.pl/media_files/1c344925-5531-4d61-8210-1141eac72308.pdf)):

- (i) income statement – page 3;
  - (ii) statement of comprehensive income – page 4;
  - (iii) statement of financial position – page 5;
  - (iv) statement of changes in equity – page 6;
  - (v) statement of cash flows – page 7;
  - (vi) notes to the condensed interim financial statements – pages 8-47
- (f) the English translation of the independent registered auditor's report on the review of the unaudited condensed interim financial statements of the Bank for the six-month period ended 30 June 2022 ([https://www.pkobh.pl/media\\_files/b1c83652-bb13-4b54-bbfb-ea78892d80ad.pdf](https://www.pkobh.pl/media_files/b1c83652-bb13-4b54-bbfb-ea78892d80ad.pdf)).

#### 4. *Form of the Final Terms*

On the page 27 of the Base Prospectus, the heading of the chapter “*Form of the Final Terms*” should be replaced with “*Form of the Final Terms – applicable to the Covered Bonds issued before 8 July 2022*”.

After the abovementioned chapter, on the page 36 of the Base Prospectus, the following chapter should be added:

##### **“FORM OF FINAL TERMS – APPLICABLE TO THE COVERED BONDS ISSUED FROM 8 JULY 2022**

*Set out below is the form of Final Terms which will be completed for each Series/Tranche of Covered Bonds issued under the Programme. The Following Final Terms apply to the Covered Bonds issued from 8 July 2022.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (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 Directive 2014/65/EU (as amended or re-enacted, “**MiFID II**”); (ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation 2017/1129/EU (as amended, the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)] [MiFID II]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (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 Covered Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Date]

**PKO BANK HIPOTECZNY S.A.**

**Legal entity identifier (LEI): 259400ALN6AM4REPEA16**

a joint stock company (*spółka akcyjna*) with its registered office in Warsaw, Poland at ul. Puławska 15, 02-515 Warsaw, entered into the register of entrepreneurs of the National Court Register (*Krajowy Rejestr Sądowy*) kept by the District Court for the Capital City of Warsaw in Warsaw, 13<sup>th</sup> Commercial Division of the National Court Register, under KRS number 000528469, REGON number 222181030 and NIP number 2040004548

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]  
under the EUR 4,000,000,000**

**Programme for the issuance of Covered Bonds (*hipoteczne listy zastawne*)**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 24 March 2022 [and the supplement[s] to it dated [ ] [and [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (Regulation 2017/1129/EC) (the "**Prospectus Regulation**") as amended to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the "**Base Prospectus**"). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Bank and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Luxembourg Stock Exchange website (www.bourse.lu), on the website of the Bank (www.pkobh.pl), and is available for viewing at and collection from the registered office of PKO Bank Hipoteczny S.A., at ul. Puławska 15, 02-515 Warsaw, Poland, and the office of Société Générale Luxembourg (in its capacity as the Issuing and Principal Paying Agent) 11, avenue Emile Reuter, L-2420 Luxembourg, Grand Duchy of Luxembourg.

1.
  - (a) Series Number: [ ]
  - (b) Tranche Number: [ ]
  - (c) Date on which the Covered Bonds will be consolidated and form a single Series: The Covered Bonds will be consolidated and form a single Series with [identify issue amount/ISIN/maturity date/issue date of earlier Tranche(s)] on [the Issue Date/the exchange date of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency: [ ]
3. Aggregate Nominal Amount:
  - (a) Series: [ ]
  - (b) Tranche: [ ]
  - (c) Issue Price (per Covered Bond): [ ] per cent. of the Aggregate Nominal Amount of the Tranche [plus accrued interest amounting to [insert Specified Currency and amount of accrued interest] for [insert number of days] days for the period from, and including [the Interest Commencement Date][insert date] to, but excluding [the Issue Date] [insert date]]  
(Zero Coupon Covered Bonds can be issued only at a discount.)
4.
  - (a) Specified Denominations: [ ]  
(Covered Bonds of each Series must have only one Specified Denomination with a minimum denomination of at least €100,000 (or equivalent)).
  - (b) Calculation Amount: [ ]  
(Insert the relevant Specified Denomination.)
5.
  - (a) Issue Date: [ ]
  - (b) Interest Commencement Date: (An Interest Commencement Date will not be relevant for certain Covered Bonds, for example Zero Coupon Covered Bonds.)  
Period to Maturity Date: [Specify/Issue Date/Not Applicable]  
Period from Maturity Date to Extended Maturity Date or Additionally Extended Maturity Date: [Specify/Maturity Date/Not Applicable]

6. Maturity Date: *[Specify date or for Floating Rate Covered Bonds – Interest Payment Date falling in or nearest to [specify month and year]]*
7. Interest Basis:  
 Period to Maturity Date: [ ] per cent. per annum Fixed Rate  
 [[[ ] month [WIBOR/EURIBOR]] +/- [ ] per cent.  
 Floating Rate]  
 [Zero Coupon]  
 (see paragraph [10]/[11]/[12(a)] below)  
 Period from Maturity Date to  
 Extended Maturity Date or  
 Additionally Extended Maturity Date: [ ] per cent. per annum Fixed Rate  
 [[[ ] month [WIBOR/EURIBOR]] +/- [ ] per cent.  
 Floating Rate]  
 [Zero Coupon]  
 (see paragraph [10]/[11]/[12(a)] below)
8. Change of Interest Basis *[For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [10/11] applies and for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [10/11] applies] [Not Applicable]*
9. Date of Management Board approval  
 for issuance of Covered Bonds  
 obtained: [ ] [and [ ]], respectively]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

10. Fixed Rate Covered Bond Provisions *[Applicable [until/from [ ] to [ ]]/Not Applicable]*  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [ ] per cent. per annum in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]  
*(Amend appropriately in the case of irregular coupons)*
- (c) Fixed Coupon Amount(s): [[ ] per Calculation Amount/Not Applicable]
- (d) Broken Amount(s): [[ ] per Calculation Amount payable on the Interest Payment  
 Date falling [in/on] [ ]/Not Applicable]
- (e) Day Count Fraction: [Actual/Actual (ICMA)]  
 [30/360]
- (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 long or short first or last coupon.)*
- (g) Party responsible for  
 calculating amounts payable: [Agent[if not the Agent, insert details of Calculation Agent]]
11. Floating Rate Covered Bond  
 Provisions *[Applicable [until/from [ ] to [ ]]/Not Applicable]*  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified  
 Interest Payment Dates: [ ] subject to adjustment in accordance with the Business Day  
 Convention set out in (b) below/, not subject to adjustment, as the  
 Business Day Convention in (b) below is specified to be 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) Relevant Business Centre(s): [ ]
- (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: [Agent/[if not Agent, insert details of Calculation Agent]]
- (f) Screen Rate Determination: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining items of this subparagraph)*
- Reference Rate: [ ] month [[WIBOR]/[EURIBOR]].
- Interest Determination Date(s): [ ]  
*(Second Warsaw business day prior to the start of each Interest Period if WIBOR and the second day on which the TARGET2 System 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)*
- Reference Banks: [ ]
- (g) ISDA Determination:
- ISDA Definitions: [2006 ISDA Definitions]/[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]  
*(Ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*
- 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  
 Compounding with Lookback Period: [[ ] Applicable Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]  
 [Compounding with Observation Period Shift  
 Compounding with Observation Shift Period: [[ ] Observation Period Shift Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]  
 Set-in-Advance: [Applicable/Not Applicable]]  
 [Compounding with Lockout]



		[Compounding with Lockout Period: [ <input type="checkbox"/> ] Lockout Period Business Days]/[As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]
		[IOS Compounding]
	ISDA Benchmarks Supplement:	[Applicable]/[Not Applicable] ( <i>N.B.: Not applicable in the case of 2021 ISDA Definitions.</i> )
(h)	Linear Interpolation	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> )]
(i)	Margin(s):	[+/-][ ] per cent. per annum
(j)	Minimum Rate of Interest:	[ [ ] per cent. per annum]/[Not Applicable]
(k)	Maximum Rate of Interest:	[ [ ] per cent. per annum]/[Not Applicable]
(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 [(Fixed)]] [Actual/365 (A' KK)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
12.	Zero Coupon Covered Bond Provisions	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining subparagraphs of this paragraph</i> )
(a)	Accrual Yield:	[ ] per cent. per annum
(b)	Reference Price:	[ ]

**PROVISIONS RELATING TO REDEMPTION**

13.	Final Redemption Amount of each Covered Bond:	[ ] per Calculation Amount ( <i>N.B.: the Final Redemption Amount shall be at least equal to the nominal value of each Covered Bond</i> )
-----	---	--

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

14.	Relevant Financial Centre(s) or other special provisions relating to Payment Dates:	[Warsaw] / [Brussels] / [Not Applicable] / [ ] ( <i>Note that this item relates to the date of payment as referred to under Condition 4(c)</i> )
-----	---	---

**MISCELLANEOUS**

15.	Type of Covered Bonds:	Mortgage covered bonds ( <i>hipoteczne listy zastawne</i> )
16.	Form of Covered Bonds:	
(a)	Form:	[Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond] [Permanent Global Covered Bond]
(b)	New Global Note (NGCB):	[Yes/No]
17.	European Covered Bonds (Premium)	[Yes/No]

*(If Covered Bonds comply with the requirements set out in Article 129 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 then "Yes" should be specified)*

Signed on behalf of the Bank:

By:

*Duly authorised*

**PKO BANK HIPOTECZNY S.A.**

By:

*Duly authorised*

By:

*Duly authorised*

**COVER POOL MONITOR OF PKO BANK HIPOTECZNY S.A.**

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/ Warsaw / None / *specify other*]
- (ii) Admission to trading: [Application has been made for the Covered Bonds to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange / Warsaw Stock Exchange/ *specify other*] with effect from [ ].]/[Not Applicable.]

### 2. RATINGS

- Ratings: [The Covered Bonds to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. Each of [*defined terms*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). The list of registered and certified rating agencies is published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.]/[Not Applicable.]
- [Need to include a brief explanation of the ratings if this has previously been published by the rating provider.]
- (The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUES

[Save for the fees [of [*insert relevant fee disclosure*]] payable to the [Managers/Dealers], so far as the Bank is aware, no person involved in the issue of the Covered Bonds 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 Bank and its affiliates in the ordinary course of business.] [*Amend as appropriate if there are other interests*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND EXPENSES RELATING TO ADMISSION TO TRADING

- (i) Reasons for the offer [ ]/[Not Applicable]
- (See ["Use of Proceeds"] wording in Base Prospectus — if reasons for offer are different from Bank's general corporate purposes include those reasons here.)*
- (ii) Estimated net proceeds [ ]
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated expenses relating to the admission to trading [ ]/[Not Applicable]

### 5. YIELD (Fixed Rate Covered Bonds only)

Indication of yield: [ ]/[Not Applicable]

### 6. OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) CFI: [ ]/[Not Applicable]
- (iv) FISN: [ ]/[Not Applicable]

*(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 Clearstream Luxembourg [./and], Euroclear Bank SA/NV. and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (vi) Delivery: Delivery [free of/against] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [ ]/[Not Applicable]
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Covered Bonds 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 Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intraday 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, names of Managers: [Not Applicable/give names]
- (iii) Date of Subscription Agreement: [Not Applicable/insert date]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/give name and address]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (vi) U.S. Selling Restrictions: [[Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]]
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable ]
- (If the Covered Bonds clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*
- (viii) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
- (If the Covered Bonds clearly do not constitute "packaged" products or the Covered Bonds do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*
- (ix) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable ]

“

**5. *Terms and Conditions of the Covered Bonds***

On the page 36 of the Base Prospectus, the heading of the chapter “*Terms of Conditions of the Covered Bonds*” should be replaced with “*Terms of Conditions of the Covered Bonds – applicable to the Covered Bonds issued before 8 July 2022*”.

On the page 55 of the Base Prospectus, after the chapter under heading “*Terms of Conditions of the Covered Bonds*” the following new chapter should be added:

**“TERMS AND CONDITIONS OF THE COVERED BONDS – APPLICABLE TO THE COVERED BONDS  
ISSUED FROM 8 JULY 2022**

*The following terms and conditions of the Covered Bonds apply to the Covered Bonds issued from 8 July 2022. The following are the terms and conditions of the Covered Bonds which will be incorporated by reference into, and will form part of, each Global Covered Bond (as defined below). The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond. Reference should be made to "Form of the Covered Bonds" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Covered Bonds.*

The Covered Bonds are mortgage covered bonds (*hipoteczne listy zastawne*) issued by PKO Bank Hipoteczny Spółka Akcyjna, a joint-stock company with its registered office in Warsaw, Poland, at ul. Puławska 15, 02-515 Warsaw, registered in the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 13<sup>th</sup> Commercial Division of the National Court Register, under the KRS No. 0000528469, with the share capital of PLN 1,611,300,000 paid in full, NIP number 204-000-45-48, with the corporate website [www.pkobh.pl](http://www.pkobh.pl) pursuant to the resolution of the Management Board of the Bank No. 95/2016 dated 4 August 2016, and the Agency Agreement (as defined below) and are issued in accordance with the Act dated 29 August 1997 on Covered Bonds and Mortgage Banks (*ustawa z dnia 29 sierpnia 1997 r. o listach zastawnych i bankach hipotecznych*), as amended, (the "**Polish Covered Bonds Act**") and the Act dated 15 January 2015 on Bonds (*ustawa z dnia 15 stycznia 2015 r. o obligacjach*), as amended (the "**Polish Act on Bonds**").

References herein to the "**Covered Bonds**" shall be references to the Covered Bonds of the relevant Tranche and shall mean:

- (a) in relation to any Covered Bonds represented by a global Covered Bond (a "**Global Covered Bond**"), units of each Specified Denomination in the Specified Currency; and
- (b) any Global Covered Bond.

The Covered Bonds 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 24 March 2022 (as amended on 19 August 2022) and made between the Bank and Société Générale Luxembourg 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 Covered Bonds are issued under the EUR 4,000,000,000 Programme for the issuance of the Covered Bonds established by the resolution of the Management Board of the Bank No. 95/2016 dated 4 August 2016 (the "**Programme**").

The final terms for the Covered Bonds (or the relevant provisions thereof) are set out in the Final Terms attached to or endorsed on the Global Covered Bond pertaining thereto, which complete these terms and conditions of the Covered Bonds (the "**Conditions**"). References to the "**applicable Final Terms**" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Global Covered Bond for the relevant Covered Bonds.

The Global Covered Bonds do not have interest coupons attached on issue.

Any reference to "**Covered Bond Holders**" or " **Holders**" in relation to any Covered Bonds shall mean the holders of the Covered Bonds and shall, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below.

As used herein, "**Tranche**" means Covered Bonds which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Covered Bonds constitute "European Covered Bonds" ( *europejskie listy zastawne, or europejskie obligacje zabezpieczone*) within the meaning of Article 27(1) of the Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU. If the Covered Bonds comply with the requirements set out in Article 129 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, they may be labelled as a "European Covered Bonds (Premium)" ( *europejskie listy zastawne (premium), or europejskie obligacje zabezpieczone (premium)*) in the relevant Final Terms.

Copies of the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available during regular business hours for viewing at the

registered office of the Bank and of the Agent and copies may be obtained from those offices save that, if the Covered Bonds are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation the applicable Final Terms will only be obtainable by a Covered Bond Holder holding one or more Covered Bonds and such Covered Bond Holder must produce evidence satisfactory to the Bank and the relevant Paying Agent as to its holding of such Covered Bonds and identity. If the Covered Bonds 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.bourse.lu](http://www.bourse.lu)). Words and expressions 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. In the Conditions, "euro", "EUR" and "€" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. All references in the Conditions to "PLN" and "Zloty" refer to Polish zloty.

## 1. FORM, DENOMINATION AND TITLE

The Covered Bonds are in bearer form and are serially numbered, in the currency (the "**Specified Currency**") and in the denominations for each Series (the "**Specified Denomination(s)**") specified in the applicable Final Terms. Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination.

The Covered Bonds may be Fixed Rate Covered Bonds or Floating Rate Covered Bonds or a combination of any of the foregoing, depending upon the Interest Basis and the determination of Change of Interest Basis shown in the applicable Final Terms. Alternatively, the Covered Bonds may be Zero Coupon Covered Bonds depending upon the Interest Basis shown in the applicable Final Terms.

Subject as set out below, title to the Covered Bonds is effected by agreement on the transfer among the relevant parties and by delivery or otherwise in accordance with any applicable laws and regulations including the rules of any relevant Clearing System.

The Bank and the Paying Agents will (except as otherwise required by law) deem and treat the Holder of any Covered Bond 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 without prejudice to the provisions set out in the next succeeding paragraph.

The applicable Final Terms will specify whether the Covered Bonds will be issued in new global note form.

The applicable Final Terms will specify the initial Aggregate Nominal Amount of the relevant Tranche and, in the event of a further Tranche to be consolidated with an existing Tranche or Tranches, the Aggregate Nominal Amount of the relevant Series of Covered Bonds.

The Aggregate Nominal Amount of the relevant Series of Covered Bonds represented by the Temporary Global Covered Bond(s) and the Permanent Global Covered Bond(s) shall be the aggregate nominal amount from time to time entered in the records of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The records of Euroclear or Clearstream, Luxembourg (which expression means the records that of Euroclear or of Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Covered Bonds) shall be conclusive evidence of the aggregate nominal amount of the Covered Bonds represented by the Temporary Global Covered Bond and the Permanent Global Covered Bond and, for these purposes, a statement issued by a Euroclear or by Clearstream, Luxembourg stating the aggregate nominal amount of the Covered Bonds so represented at any time shall be conclusive evidence of the records of Euroclear or of Clearstream, Luxembourg at that time.

## 2. STATUS OF THE COVERED BONDS

The Covered Bonds are direct, unconditional and unsubordinated obligations of the Bank and rank *pari passu* among themselves. The Covered Bonds are covered in accordance with Polish Covered Bonds Act and rank *pari passu* with all other unsubordinated present and future obligations of the Bank which have the same status as the Covered Bonds under the Polish Covered Bonds Act.

## 3. INTEREST

The applicable Final Terms determine whether the Covered Bonds of a given Series are Fixed Rate Covered Bonds, Floating Rate Covered Bonds, or any combination thereof (depending upon the Interest Basis and the determination of Change of Interest Basis shown in the applicable Final Terms), or Zero Coupon Covered Bonds.

(a) *Interest on Fixed Rate Covered Bonds*

Each Fixed Rate Covered Bond 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, subject to Condition 5(c) (in which case it shall be paid until the Extended Maturity Date or Additionally Extended Maturity Date, as the case may be, unless otherwise specified in the Final Terms).

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

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

If interest is required to be calculated for a period other than a Fixed Interest Period such interest shall be calculated in respect of such period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Covered Bonds represented by a Global Covered Bond and 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.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 3:

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

In these Conditions:

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

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

(b) *Interest on Floating Rate Covered Bonds*

(i) Interest Payment Dates

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



- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) 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 after 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 the 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.

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 3(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply mutatis mutandis or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls after 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 the Conditions, "**Business Day**" means a day which 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) in Relevant Business Centre(s) specified in the applicable Final Terms;
- (B) either (i) 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 or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open; and
- (C) a day on which Clearstream, Luxembourg and Euroclear are offsetting money and securities transfers.

(ii) Rate of Interest

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

- (A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an

agreement incorporating (i) if “2006 ISDA Definitions” is specified in the applicable Final Terms, the 2006 ISDA Definitions (as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series (as specified in the Final relevant Terms), and if specified in the relevant Final Terms, as supplemented by the ISDA Benchmarks Supplement) as published by the International Swaps and Derivatives Association, Inc. (“ISDA”); 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 Covered Bonds (together, the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity, if applicable, is a period specified in the applicable Final Terms;
- (3) the relevant Reset Date is the day specified in the applicable Final Terms; and
- (4) 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;
  - (c) Compounding with Lockout; or
  - (d) IOS Compounding.

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

For the purposes of this sub-paragraph (A), “**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**” and “**OIS Compounding**”, have the meanings given to those terms in the ISDA Definitions and “**ISDA Benchmarks Supplement**” means the Benchmark Supplement (as amended and updated as at the date of the issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the relevant Final Terms) published by the International Swaps and Derivatives Associations, Inc.

(B) Screen Rate Determination for Floating Rate Covered Bonds

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

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

(expressed as a percentage rate per annum) for the Reference Rate (being either EURIBOR or WIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11:00 a.m. (Brussels time in the case of EURIBOR) or 11:00 a.m. (Warsaw time in the case of WIBOR) on the Interest Determination Date in question plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined by the Agent.

If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

In the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11:00 a.m. (Brussels time in the case of EURIBOR) or 11:00 a.m. (Warsaw time in the case of WIBOR) on the Interest Determination Date in question.

If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

As used herein, "**Reference Banks**" means the principal office of the bank or banks specified as such in the Final Terms or such other prime bank or banks as may be appointed as such by the Agent after consultation with the Bank.

If on any Interest Determination Date only one of the Reference Banks provides the Agent with a quotation as provided in the foregoing provisions of this paragraph, the Rate of Interest shall be the sum of the relevant quotation (rounded, if necessary, to the nearest 0.001 per cent (0.0005 per cent being rounded upwards)) and the Margin (as applicable), all as determined by the Agent.

If on any Interest Determination Date none of the Reference Banks provides the Agent with a quotation, the Rate of Interest shall be (i) the rate determined on the previous Interest Determination Date (if any) or (ii) if there is no such previous Interest Determination Date, the Rate of Interest in the last preceding Interest Period, in each case, substituting, where a different margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the margin relating to the relevant Interest Period in place of the margin relating to that last preceding Interest Period.

(iii) 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 Condition 3(b)(ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms 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 Condition 3(b)(ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Agent or the Calculation Agent (as the case may be), in the case of Floating Rate Covered Bonds, 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.

If interest is required to be calculated by the Agent for a period other than an Interest Period or if no Fixed Coupon Amount or Broken Amount is specified in the relevant Final Terms, the amount of interest (the "**Interest Amount**") payable per Calculation Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product thereof 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.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 3(b):

- (A) 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);
- (B) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if "**Actual/365 (A' KK)**" is specified in the applicable Final Terms, the actual number of days (except the 29th day of February in a leap year, if applicable) in the Interest Period divided by 365;
- (D) 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;

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

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

where:

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

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

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

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

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

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

- (G) 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:

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

where:

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

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

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

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

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

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

- (H) 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:

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

where:

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

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

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

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

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(v) Linear Interpolation

Where Linear Interpolation is specified in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the 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) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next than shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

(vi) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Bank and any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 9 as soon as possible after their determination but in no event later than the fourth Luxembourg Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and to the Covered Bond Holders in accordance with Condition 9. For the purposes of this paragraph, the expression "**Luxembourg 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 Luxembourg.

(vii) 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 3(b) by the Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Bank, the Agent, the other Paying Agents and all Covered Bond Holders and (in the absence of wilful default or bad faith) no liability to the Bank or the Covered Bond Holders 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.

(viii) Accrual of interest

Each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue at a level specified under the provisions of the Polish Civil Code dated 23 April 1964 (*ustawa z dnia 23 kwietnia 1964 r. Kodeks cywilny*, the "**Civil Code**") until whichever is the earlier of:

- (A) the date on which all amounts due in respect of such Covered Bond have been paid; and
- (B) five days after the date on which the full amount of the moneys payable in respect of such Covered Bond has been received by the Agent and notice to that effect has been given to the Holders in accordance with Condition 9.

(ix) Benchmark discontinuation

Notwithstanding the foregoing provisions in this Condition 3(b), if the Issuer, following consultation with an Independent Adviser pursuant to this Condition 3(b)(ix) and acting in good faith and in a commercially reasonable manner, determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply:

- (A) the Bank shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner) no later than three Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**") a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (in accordance with Condition 3(b)(ix)(C)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 3(b)(ix)(E)) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Covered Bonds for all future Interest Periods (subject to the subsequent operation of this Condition 3(b)(ix)); however, if the Successor Rate is predetermined in accordance with the relevant provisions of law or by the regulator, the Bank shall not be obliged to appoint an Independent Adviser;
- (B) if the Bank is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Bank (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
- (C) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 3(b)(ix)); provided, however, that if sub-paragraph (B) applies and the Bank is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Covered Bonds in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the Rate of Interest for the initial Interest Period) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (B) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 3(b)(ix));
- (D) if the Independent Adviser or the Bank determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Bank (as applicable), may also specify changes to these Conditions, including but not limited to, the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Day, Interest Determination Date, and/or the definition of Reference Rate applicable to the Covered Bonds, and the method for determining the fallback rate in relation to the Covered Bonds, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Bank) or the Bank (as applicable) determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Bank (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread.
- (E) if any Successor Rate, Alternative Reference Rate or Adjustment Spread (in either case) is determined in accordance with this Condition 3(b)(ix) and the Bank, following consultation with the Independent Adviser, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the "**Benchmark**

**Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Bank may also, following consultation with the Agent (or the person specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest and the Interest Amount(s)), take necessary action to effect such Benchmark Amendments (and for the avoidance of doubt, the Agent shall, at the direction and expense of the Bank, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 3(b)(ix)). Consent of the relevant Covered Bond Holders shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Calculation Agent and/or Agent (if required). Notwithstanding any other provision of this Condition 3, if in the Calculation Agent’s or Agent’s (as the case may be) opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 3, the Calculation Agent or Agent (as the case may be) shall promptly notify the Bank thereof and the Bank may (but shall not be obliged to) direct the Calculation Agent or the Agent (as the case may be) in writing as to which alternative course of action to adopt. If the Calculation Agent or Agent (as the case may be) is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Bank thereof and the Calculation Agent and Agent (as the case may be) shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so;

- (F) the Bank shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Calculation Agent, the Agent, and the Covered Bond Holders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to these Conditions; and
- (G) without prejudice to the obligations of the Bank under Condition 3(b)(ix) (A), (B), (C), (D) and (E), the Original Reference Rate and the fallback provisions provided for in Condition 3(b)(iv) will continue to apply unless and until the Agent has been notified of the Successor Rate or the Alternative Reference Rate (as the case may be), any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable), in accordance with Condition 3(b)(ix)(F).

**"Adjustment Spread"** means a spread (which may be zero, positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Bank) or the Bank (as applicable) determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Covered Bond Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, or
- (B) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Bank) or the Bank (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (C) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Bank) or the Bank in its discretion (as applicable) determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

**"Alternative Reference Rate"** means the rate that the Independent Adviser or the Bank (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Bank (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Bank (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate;

**"Benchmark Amendments"** has the meaning given to it in Condition 3(b)(ix)(E).

**"Benchmark Event"** means:

- (A) the Original Reference Rate ceases to be published or ceases to exist;
- (B) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate);
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued;
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (E) it has or will become unlawful for any Agent, Calculation Agent or the Bank to calculate any payments due to be made to any Covered Bond Holder using the Original Reference Rate;

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

**"Original Reference Date"** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Bank.

**"Relevant Nominating Body"** means, in respect of a reference rate:

- (A) the central bank for the currency to which the reference rate relates, any central bank which is responsible for supervising the administrator of the reference rate, or any other relevant supervisory or regulatory authority or national legislative body of the country for the currency to which the reference rate relates; 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 reference rate relates, (b) any central bank which is responsible for supervising the administrator of the reference rate, (c) any other relevant supervisory or regulatory authority or national legislative body of the country for the currency to which the reference rate relates, (d) a group of the aforementioned central banks or other authorities, or (e) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means the rate that the Independent Adviser or the Bank (as applicable) determines is a successor to, or replacement of, the Original Reference Rate which is formally recommended by any Relevant Nominating Body

(c) *No Periodic Payments of Interest on Zero Coupon Covered Bonds*

There will be no periodic payments of interest on any Zero Coupon Covered Bonds.

**4. PAYMENTS**

(a) *Method of payment*

Subject as provided below, Holders will receive payments as follows:

- (i) 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 Holder with a bank in the principal financial centre of the country of such Specified Currency; and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the Holder.

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 6 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, official interpretations thereof, or any law implementing an intergovernmental approach thereto.



(b) *Payments*

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

The holder of a Global Covered Bond shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the Bank will be discharged by payment to, or to the order of, the holder of such Global Covered Bond 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 Covered Bonds represented by such Global Covered Bond must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Bank to, or to the order of, the holder of such Global Covered Bond.

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

- (i) the Bank 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 Covered Bonds in the manner provided above when due;
- (ii) 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
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Bank, adverse tax consequences to the Bank.

(c) *Payment Day*

If the date for payment of any amount in respect of any Covered Bond 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 7) is:

- (i) 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 Relevant Financial Centre specified in the applicable Final Terms; and
- (ii) either (A) 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 (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
- (iii) a day on which Clearstream, Luxembourg and Euroclear are effecting money and securities transfers.

(d) *Interpretation of principal and interest*

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

- (i) any additional amounts which may be payable with respect to principal under Condition 6;
- (ii) the Final Redemption Amount (which shall be at least equal to the nominal value of each Covered Bond) of the Covered Bonds; and
- (iii) any premium and any other amounts (other than interest) which may be payable by the Bank under or in respect of the Covered Bonds.

Any reference in the Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6.

## 5. REDEMPTION AND PURCHASE

### (a) *Redemption at maturity*

Subject to Condition 5(c), Condition 5(g) and Condition 5(h), unless previously redeemed or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Bank at its Final Redemption Amount (which shall be at least equal to the nominal value of each Covered Bond) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### (b) *No redemption at the option of the Covered Bond Holders (Investor Put)*

The Covered Bond Holders are not entitled to request redemption of the Covered Bonds prior to the Maturity Date.

### (c) *Redemption of the Covered Bonds in the event of the Bank's Bankruptcy and appointment of a Trustee*

#### (i) In these Conditions:

**"Bankruptcy Event"** means the announcement of the bankruptcy of the Bank (*ogłoszenie upadłości*) by a Polish bankruptcy court in accordance with the Polish Bankruptcy Law;

**"Bankruptcy Receiver"** means the receiver (*syndyk*) appointed by the bankruptcy court in respect of the Separate Bankruptcy Asset Pool in accordance with the Polish Bankruptcy Law;

**"Coverage Test"** means the coverage test (*test równowagi pokrycia*) as defined in the Polish Covered Bonds Act, performed by the Bankruptcy Receiver under the supervision of the Trustee to determine whether the Separate Bankruptcy Asset Pool is sufficient to satisfy all of the Bank's obligations towards all holders of outstanding covered bonds issued by the Bank in full;

**"Cover Pool"** means the assets which are the basis for the issuance of mortgage covered bonds by the Bank and are entered into the cover pool register (*rejestr zabezpieczenia listów zastawnych*) created for mortgage covered bonds;

**"Liquidity Test"** means the liquidity test (*test płynności*) as defined in the Polish Bankruptcy Law, performed by the Bankruptcy Receiver under the supervision of the Trustee to determine whether the Separate Bankruptcy Asset Pool is sufficient to satisfy the Bank's obligations towards holders of the outstanding covered bonds issued by the Bank in full taking into account the maturity of the outstanding covered bonds issued by the Bank extended by 12 months;

**"Partial Separate Bankruptcy Asset Pool Sale"** means the sale of a portion of the assets constituting the Separate Bankruptcy Asset Pool in accordance with the Polish Bankruptcy Law;

**"Polish Bankruptcy Law"** means the Polish Act of 28 February 2003 – the Bankruptcy Law (*ustawa z dnia 28 lutego 2003 r. Prawo upadłościowe*);

**"Qualifying Hedging Instruments"** means derivative contracts to which the Bank is a party which satisfy the conditions of the Polish Covered Bonds Act;

**"Separate Bankruptcy Asset Pool"** means a separate bankruptcy asset pool (*osobna masa upadłości*) of the Bank created on the date of the Bankruptcy Event to satisfy claims of holders of the outstanding covered bonds issued by the Bank (including the outstanding Covered Bonds) and counterparties of derivative contracts entered into the cover pool register (*rejestr zabezpieczenia listów zastawnych*);

**"Separate Bankruptcy Asset Pool Sale"** means the sale of all of the assets constituting the Separate Bankruptcy Asset Pool in accordance with the Polish Bankruptcy Law;

**"Trustee"** means the trustee (*kurator*) within the meaning of Article 443 of the Polish Bankruptcy Law; and

**"Underlying Receivables"** means the receivables which are the basis for the issuance of the covered bonds issued by the Bank.

#### (ii) Upon the occurrence of a Bankruptcy Event, the maturity date of all covered bonds issued by the Bank shall be automatically extended by 12 months (the **"Extended Maturity Date"**).

(iii) With respect to the Coverage Test and the Liquidity Test to be conducted by the Bankruptcy Receiver within three months of the date of the Bankruptcy Event in accordance with the Polish Covered Bonds Act:

(A) If the Coverage Test and the Liquidity Test each confirm that the Separate Bankruptcy Asset Pool is sufficient to satisfy the Bank's obligations towards holders of the outstanding covered bonds issued by the Bank in full, the Bank's obligations towards the Covered Bond Holders shall be fulfilled in accordance with these Conditions and the applicable Final Terms taking into account the Extended Maturity Date and paragraph (iv) below.

Notwithstanding the above, the Covered Bond Holders, together with the holders of the outstanding covered bonds issued by the Bank may, not later than two months following the announcement of the results of the Coverage Test and the Liquidity Test by the Bankruptcy Receiver, by a vote of holders representing two-thirds of the aggregate nominal amount of the outstanding covered bonds of the Bank, instruct the Bankruptcy Receiver to conduct a Separate Bankruptcy Asset Pool Sale (a) to another mortgage bank, with the transfer of the obligations of the Bank under the outstanding covered bonds of the Bank in which case payments of principal and interest under the Covered Bonds will be made by the mortgage bank acquiring the Separate Bankruptcy Asset Pool or (b) to another mortgage bank or a bank, without such transfer, in which case payments of principal and interest under the Covered Bonds will be made by the Bankruptcy Receiver from the proceeds from the Separate Bankruptcy Asset Pool Sale.

If the amount of proceeds received from the Separate Bankruptcy Asset Pool Sale, *less*, with respect to the outstanding covered bonds of the Bank:

- (I) the aggregate amount of interest that will become due and payable within six months from the Separate Bankruptcy Asset Pool Sale; and
- (II) the aggregate amount of principal and interest that had become due and payable prior to the date of the Bankruptcy Event but had not been paid prior to the date of Bankruptcy Event,

is equivalent to at least 5 per cent of the aggregate principal amount of the outstanding covered bonds of the Bank, the Bankruptcy Receiver may, at its discretion, repay the principal under the Covered Bonds (provided that payments are made *pro rata* to holders of the outstanding covered bonds of the Bank, including the Covered Bond Holders, and counterparties to the Qualifying Hedging Instruments) earlier than on the Extended Maturity Date. Such payment would be made on the next interest payment date, but in any event not earlier than 14 days after the date on which the decision of the judge-commissioner approving the Bankruptcy Receiver's report on the progress of the bankruptcy proceedings becomes final and binding.

(B) If the Coverage Test confirms that the Separate Bankruptcy Asset Pool is sufficient to satisfy the Bank's obligations towards holders of the outstanding covered bonds issued by the Bank in full, but the Liquidity Test fails to confirm that the Separate Bankruptcy Asset Pool is sufficient to satisfy the Bank's obligations towards holders of the outstanding covered bonds issued by the Bank in full taking into account the maturity of the outstanding covered bonds issued by the Bank extended by 12 months, the Maturity Date of the Covered Bonds shall be extended by three years from the latest maturity date of an Underlying Receivable entered into the cover pool register (the "**Additionally Extended Maturity Date**").

However, if the available funds in the Separate Bankruptcy Asset Pool, *less*, with respect to all outstanding covered bonds of the Bank:

- (I) the aggregate amount of interest that will become due and payable within six months from the date of the performance of the Coverage Balance Test; and
- (II) the costs of bankruptcy proceedings with respect to the Separate Bankruptcy Asset Pool indicated in the Bankruptcy Receiver's report,

are equivalent to at least 5 per cent of the aggregate nominal value of the outstanding covered bonds issued by the Bank, payment of principal under the Covered Bonds shall be made on the next interest payment date falling at least 14 days after the date on which the decision of the judge-commissioner approving the Bankruptcy Receiver's report on the progress of the bankruptcy proceedings becomes final and binding; *provided that* such payments of principal shall be made *pro rata* to all holders of covered bonds issued by the Bank (including the

Covered Bond Holders) and counterparties to the Qualifying Hedging Instruments (the "**Pass-Through Procedure**").

Notwithstanding the above, the Covered Bond Holders, together with all holders of the outstanding covered bonds issued by the Bank, may, not later than three months following the date of the announcement of the results of the Coverage Test and the Liquidity Test, by a vote of holders representing two-thirds of the aggregate nominal amount of all outstanding covered bonds of the Bank:

- (III) display the Additionally Extended Maturity Date and the Pass-Through Procedure and revert to the Extended Maturity Date; or
- (IV) instruct the Bankruptcy Receiver to conduct a Separate Bankruptcy Asset Pool Sale or Partial Separate Bankruptcy Asset Pool Sale to:
  - a. another mortgage bank, with the transfer of the obligations of the Bank under all of the outstanding covered bonds of the Bank;
  - b. a bank which is not a mortgage bank, without the transfer of the obligations of the Bank under all of the Bank's outstanding covered bonds, or
  - c. an entity which is not a bank, with respect to assets the possession of which is not restricted to banks, without the transfer of the obligations of the Bank under all of the Bank's outstanding covered bonds,

in which case the principal and all interest under the Covered Bonds shall become immediately due and payable.

- (C) If the Coverage Test fails to confirm that the Separate Bankruptcy Asset Pool is sufficient to satisfy the Bank's obligations towards holders of the outstanding covered bonds issued by the Bank in full, paragraph (B) above shall apply (including the Additionally Extended Maturity Date); *provided that* the vote by the holders of the outstanding covered bonds issued by the Bank on the Separate Bankruptcy Asset Pool Sale or Partial Separate Bankruptcy Asset Pool Sale referred in paragraph (B) above may occur at any time following the announcement of the results of the Coverage Balance Test.
- (iv) Irrespective of the results of the Coverage Test and Liquidity Test, following the date of the Bankruptcy Event, any interest under the Covered Bonds shall be calculated on the basis of, and payable in the manner and on the dates indicated in the Conditions and the applicable Final Terms.
- (v) In addition, if a Bankruptcy Event occurs after the Maturity Date and the aggregate nominal amount under the Covered Bonds which is due and payable had not been repaid prior to the Bankruptcy Event Date, the Bank shall, subject to the Additionally Extended Maturity Date, pay such aggregate nominal amount under the Covered Bonds within 12 months of the date of the Bankruptcy Event, but not earlier than after the first announcement on the results of the Coverage Test and the Liquidity Test.
- (vi) A petition for bankruptcy of the Bank may be filed only by the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) or the Bank Guarantee Fund (*Bankowy Fundusz Gwarancyjny*). Prior to issuing the bankruptcy order, the Polish bankruptcy court will question a representative of the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*), a representative of the Bank Guarantee Fund (*Bankowy Fundusz Gwarancyjny*), the members of the Bank's management board or liquidator regarding the grounds for declaring the bank bankrupt and the candidates for the Bankruptcy Receiver.
- (vii) In the bankruptcy order, the Polish bankruptcy court will appoint the Trustee to represent the interests of Covered Bond Holders in the bankruptcy proceedings. The Polish bankruptcy court consults the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) when selecting a person to be appointed as the Trustee. Covered Bond Holders may also act in proceedings in person and via an attorney if the judge-commissioner allows them to participate in the proceedings. The judge-commissioner permits Covered Bond Holders to participate in bankruptcy proceedings if they prove their title to the Covered Bonds.
- (viii) Within 21 days from the Bankruptcy Event, the Trustee declares for the bankruptcy asset pool: (i) the total nominal amount of the outstanding Covered Bonds that have not been redeemed by the date of the Bankruptcy Event and having a Maturity Date before such date and (ii) the total nominal amount of the outstanding Covered Bonds and interest payable after the date of the Bankruptcy Event. Covered Bond

Holders cannot themselves declare that their receivables under the Covered Bonds are included in the bankruptcy asset pool.

- (ix) The Bankruptcy Receiver should provide the Trustee with all information he requires. The Trustee can review the books and records of the Bank. The Trustee has voting rights at the creditor's meeting only with respect to the matters that could affect the rights of the Covered Bond Holders.
- (x) The Bankruptcy Receiver conducts the liquidation of the Separate Bankruptcy Asset Pool with the participation of the Trustee. If the council of creditors or the judge-commissioner grants consent to the sale of assets in the Separate Bankruptcy Asset Pool in a negotiated contract (*sprzedaż z wolnej ręki*), the sale requires the approval of the Trustee.
- (xi) The Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) and the Trustee may exchange information on the Programme to the extent necessary for conducting the bankruptcy proceedings.

*This Condition 5(c) replicates mandatory provisions of Polish law, in particular the Polish Bankruptcy Law, as at the date of the Second Supplement to the Base Prospectus. In the event of a conflict between Condition 5(c) and mandatory provisions of Polish law, if and as amended from time to time, mandatory provisions of Polish law shall prevail. Changes (if any) in the mandatory provisions of Polish law which affect the provisions of this Condition 5(c) shall not create an obligation for the Bank to notify the Holders thereof unless otherwise required under applicable Polish law.*

(d) *Purchases*

The Bank may purchase Covered Bonds at any price in the open market or otherwise for the purpose of redemption or depositing them under the care of the Cover Pool Monitor insofar it is connected with the Bank's fulfilment of the requirements referred to in Article 18 of the Polish Covered Bonds Act.

(e) *Cancellation*

Except for the Covered Bonds purchased for the purpose of depositing them under the care of the Cover Pool Monitor, all Covered Bonds which are redeemed or purchased by the Bank will forthwith be cancelled. All Covered Bonds so cancelled cannot be reissued or resold.

(f) *Late payment on Zero Coupon Covered Bonds*

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Condition 5(a) is improperly withheld or refused, default interest specified under Article 481 §2 of the Civil Code shall accrue on such amount.

(g) *Mandatory redemption in case of non-bankruptcy liquidation, merger, division or transformation under statutory provisions of Polish law*

Under the Polish Act on Bonds, if the Bank is subject to non-bankruptcy liquidation (*likwidacja*), the Bank shall redeem the Covered Bonds at par on the opening day of such non-bankruptcy liquidation (*likwidacja*) proceedings. If the Bank is subject to a merger (*połączenie*), division (*podział*) or transformation (*przekształcenie formy prawnej*), and the entity that has taken over all or a portion of the Bank's obligations under the Covered Bonds pursuant to such merger (*połączenie*), division (*podział*) or transformation (*przekształcenie formy prawnej*) is not permitted under the Polish Covered Bonds Act to issue covered bonds, the Bank or its successor entity shall redeem such Covered Bonds at par. The terms non-bankruptcy liquidation (*likwidacja*), merger (*połączenie*), division (*podział*) and transformation (*przekształcenie formy prawnej*) in this paragraph shall have the meaning as prescribed under Polish law.

(h) *Resolution, compulsory write-down or conversion (bail-in)*

The payment obligations of the Bank under the Covered Bonds are not subject to automatic acceleration upon resolution (*przymusowa restrukturyzacja*) of the Bank. The maturity of the Covered Bonds cannot be extended in the event of resolution (*przymusowa restrukturyzacja*) of the Bank.

In the event the Bank becomes subject to resolution (*przymusowa restrukturyzacja*), pursuant to the provisions of the Polish Act on the Bank Guarantee Fund, Deposit Guarantee Scheme and Compulsory Restructuring dated 10 June 2016 (*ustawa z dnia 10 czerwca 2016 r. o Bankowym Funduszu Gwarancyjnym, systemie gwarantowania depozytów oraz przymusowej restrukturyzacji*) ("**Resolution Act**"), secured liabilities comprising a separate and secured pool, such as obligations of the Bank under the Covered Bonds, remain valid and binding and shall not be subject to compulsory write-down or conversion into equity up to the amount by which all amounts due and payable in respect of such Covered Bonds is fully covered by the Cover Pool.

However, the Covered Bonds may be subject to compulsory write-down or conversion to equity to the extent that the value of the Cover Pool is not sufficient to satisfy all claims in respect of amounts due and payable under such Covered Bonds.

Pursuant to the Resolution Act, the Bank Guarantee Fund (*Bankowy Fundusz Gwarancyjny*) may decide to change the Conditions of the Covered Bonds or transfer assets in the Cover Pool to another entity, provided that such change or transfer should not be detrimental to the rights of the Covered Bond Holders or affect the existing level of collateralisation of the Covered Bonds. In particular, the Bank Guarantee Fund shall not: (i) transfer the assets included in the Cover Pool without transferring the liabilities under the Covered Bonds, or (ii) transfer liabilities under the Covered Bonds without transferring the assets in the Cover Pool.

In the event of resolution of the Bank, the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) shall cooperate with the Bank Guarantee Fund (*Bankowy Fundusz Gwarancyjny*) in order to ensure that the rights and interests of the Covered Bond Holders are preserved, including ensuring continuous and sound management of the Programme during the period of the resolution process.

## 6. TAXATION

All payments of principal and interest in respect of the Covered Bonds by or on behalf of the Bank will be made without 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 any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Bank will pay such additional amounts as shall be necessary in order that the net amounts received by the Covered Bond Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond:

- (a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Covered Bond by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Covered Bond; or
- (b) presented for payment by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by it complying, or procuring (if it is in the relevant holder's control) that any third party complies, with any statutory requirements or by it making, or procuring (if it is in the relevant holder's control) that any third party makes, a declaration of non-residence or other similar claim for exemption to any tax authority in the relevant place; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(c)); or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond to another Paying Agent in a Member State of the European Union.

Notwithstanding any other provision of these Conditions, in no event will the Bank be required to pay any additional amounts in respect of the Covered Bonds 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 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

- i. "**Tax Jurisdiction**" means Poland or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Bank of principal and interest on the Covered Bonds become generally subject; and
- ii. the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the 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 Covered Bond Holders in accordance with Condition 9.

## 7. PRESCRIPTION

Claims against the Bank for payment under the Covered Bonds expire after six years (except for claims for payment of interest which become time-barred after three years) and the end of the prescription period falls on the last day of the calendar year.

## 8. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. 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 Bank is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) so long as the Covered Bonds are listed on any stock exchange or admitted to listing 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
- (b) the Bank undertakes that it will ensure that it maintains a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Bank is incorporated.

In addition, the Bank shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4(d). Notice of any variation, termination, appointment or change in the Paying Agents will be given to the Covered Bond Holders promptly by the Bank in accordance with Condition 9.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Bank and do not assume any obligation to, or relationship of agency or trust with, any Covered Bond Holders. The Agency Agreement contains provisions permitting any entity into which any Paying 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 paying agent.

## 9. NOTICES

All notices regarding the Covered Bonds will be deemed to be validly given if published in a daily newspaper of general circulation in Luxembourg. It is expected that such publication will be made in the *Luxemburger Wort* in Luxembourg. So long as the Covered Bonds are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Luxemburger Wort* in Luxembourg. The Bank shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant regulatory authority on which the Covered Bonds 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. The Bank will deliver printouts of all information published on the Bank's website in accordance with the Polish Act on Bonds to Powszechna Kasa Oszczędności Bank Polski S.A.

So long as any Global Covered Bonds representing the Covered Bonds are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, there may 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 Covered Bonds and, in addition, for so long as any Covered Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Holders on the second day after the day on which the notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Covered Bond Holder shall be in writing and given by lodging the same with the Agent. While any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any Holder 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.

## 10. FURTHER ISSUES

The Bank shall be at liberty from time to time without the consent of the Covered Bond Holders to create and issue further covered bonds having terms and conditions the same as the Covered Bonds 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 Covered Bonds.

## 11. GOVERNING LAW AND SUBMISSION TO JURISDICTION

### (a) *Governing law*

The Covered Bonds and any non-contractual obligations arising therefrom or in connection therewith are governed by, and shall be construed in accordance with, Polish law.

### (b) *Submission to jurisdiction*

The Polish common court appropriate for the registered seat of the Bank at the time of making a claim shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Covered Bonds. The Polish courts shall have exclusive jurisdiction over lost or destroyed Covered Bonds.

### (c) *Enforcement*

Any Holder of Covered Bonds may in any proceedings against the Bank, or to which such Holder and the Bank are parties, in its own name enforce its rights arising under such Covered Bonds on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of Covered Bonds (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Covered Bonds credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the Covered Bonds in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Covered Bond representing the Covered Bonds. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Covered Bonds and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under the Covered Bonds also in any other way which is permitted in the country in which the proceedings are initiated.

## 12. MEETINGS OF COVERED BOND HOLDERS MODIFICATION, WAIVER AND SUBSTITUTION

The meeting of the Covered Bond Holders may consider any matter affecting their interests under the Covered Bonds, including the sanctioning by a resolution of a modification of the Conditions. Such a meeting may be convened for each Series by the Bank and shall be convened by the Bank if required in writing by Covered Bond Holders holding not less than 10 per cent in nominal amount of the Covered Bonds of that Series for the time being outstanding. The meeting of the Covered Bond Holders shall be convened by an announcement made at least 21 days before the date of the meeting published in accordance with Condition 9. The meeting of the Covered Bond Holders shall be held at the seat of the entity operating the regulated market (in the event that the Covered Bond Holders are admitted to trading on a regulated market) or (in all other cases) in Warsaw, Poland. Unless otherwise provided below, the quorum at any such meeting for passing a resolution is one or more persons holding or representing not less than 50 per cent of the nominal amount of the Covered Bonds of that Series for the time being outstanding, except that at any meeting the business of which includes the modification of the provisions of the Covered Bonds, except as described in point (a) and (b) below, the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Covered Bonds of that Series for the time being outstanding. A resolution passed at any meeting of the Covered Bond Holders of particular Series shall be binding on all the Covered Bond Holders of that Series for which the meeting was held, whether or not they are present at the meeting. The resolutions shall be passed:

- (a) in case of reduction of the nominal value of the Covered Bonds – by the unanimous vote of all present Covered Bond Holders;
- (b) in case of:
  - i. modifications to the methods of calculating interest, and terms of payment (including reduction or cancellation) of interest;
  - ii. modifications as to the time, place or method of satisfying the claims of the Covered Bond Holders, including the date, as at which entitlement to these benefits is established; or
  - iii. the principles of convening, holding or adopting resolutions by the meeting of the Covered Bond Holders,



by the unanimous vote of all present Covered Bond Holders (if the Covered Bonds are admitted to trading on a regulated market) or by a majority of 75 per cent of all present Covered Bond Holders (if the Covered Bonds are not admitted to trading on a regulated market); and

- (c) in all other cases – by a majority vote.

Any changes to the Conditions approved by the Covered Bond Holders in the manner specified above shall only take effect if the Bank consents thereto. The Bank's statement concerning consent or the lack thereof for the change of the Conditions shall be published by the Bank on the Bank's website within seven days from the end of the meeting of the Covered Bond Holders. Failure to publish such statement means that the Bank does not grant its consent for the change of the Conditions.

Upon the occurrence of the Bankruptcy Event, the provisions of the Polish Bankruptcy Law with respect of meetings of holders of the outstanding covered bonds of the Bank shall prevail.

In particular, the judge-commissioner shall convene a meeting of creditors under the Covered Bonds at the request of Covered Bond Holders representing receivables corresponding to at least 10% of the nominal value of the outstanding Covered Bonds.

Unless otherwise provided by the Polish Bankruptcy Law, resolutions of the meeting of creditors under the Covered Bonds shall be adopted, irrespective of the number of creditors present, by a majority of creditors representing receivables corresponding to more than 50% of the nominal value of the outstanding Covered Bonds. The consent of the meeting of Covered Bonds creditors shall be required for the sale of assets entered into the cover pool register:

- (a) in full, if the funds obtained from the sale are not sufficient to fully satisfy the costs of liquidation of the Separate Bankruptcy Asset Pool and the claims of the Covered Bond Holders;
- (b) in part, if they are to be sold below fair value.”

## 6. *Description of the bank*

Due to the issuance of Series 8 EUR 500,000,000 2.125 per cent. Green Covered Bonds due 25 June 2025, information on pages 70-71 in the Base Prospectus is no longer accurate and shall be replaced with the following:

“The following table shows the outstanding covered bonds issued by the Bank as at the date of the Second Supplement to the Base Prospectus:

<b>Series</b>	<b>Principal</b>	<b>Issue date</b>	<b>Maturity date</b>	<b>Coupon</b>	<b>Listing</b>
<i>(denominated in PLN)</i>					
4	500,000,000	28 April 2017	18 May 2022	WIBOR3M+0.69%	Warsaw
6	500,000,000	27 October 2017	27 June 2023	WIBOR3M+0.60%	Warsaw
7	700,000,000	27 April 2018	25 April 2024	WIBOR3M+0.49%	Warsaw
8	100,000,000	18 May 2018	29 April 2022	WIBOR3M+0.32%	Warsaw
9	500,000,000	27 July 2018	25 July 2025	WIBOR3M+0.62%	Warsaw
10	60,000,000	24 August 2018	24 August 2028	3.4875%	Warsaw
11	230,000,000	26 October 2018	28 April 2025	WIBOR3M + 0.66%	Warsaw
12	250,000,000	10 June 2019	30 September 2024	WIBOR3M + 0.60%	Warsaw
13	250,000,000	2 December 2019	2 December 2024	WIBOR3M + 0.51%	Warsaw
<i>(denominated in EUR)</i>					
1	500,000,000	24 October 2016	24 June 2022	0.125%	Luxembourg, Warsaw
1 (tranche no. 2)	100,000,000	8 March 2019	24 June 2022	0.125%	Luxembourg, Warsaw
2	25,000,000	2 February 2017	2 February 2024	0.82%	Luxembourg
3	500,000,000	30 March 2017	24 January 2023	0.625%	Luxembourg, Warsaw
4	500,000,000	27 September 2017	27 August 2024	0.75%	Luxembourg, Warsaw
5	54,000,000	2 November 2017	3 November 2022	0.467%	Luxembourg
6	500,000,000	22 March 2018	24 January 2024	0.750%	Luxembourg, Warsaw
8	500,000,000	4 July 2022	25 June 2025	2.125%	Luxembourg, Warsaw

The PLN-denominated covered bonds were issued under the Bank's domestic issuance programme.”

## 7. *Management of the Bank*

Due to resignation of Mr Daniel Goska, the President of the Management Board of the Bank and delegating of Mr Jakub Niesłuchowski, the member of the Supervisory Board, to temporarily perform the duties of the Management Board member holding the position of the President of the Management Board, the information on pages 75-76 in the Base Prospectus is no longer accurate and shall be replaced with the following:

### “**Management Board**

The Management Board manages the activities of the Bank, acts on the Bank's behalf and makes decisions in all matters regarding the Bank which are not reserved for the General Meeting or the Supervisory Board. The Management Board is also responsible for making all decisions concerning issuances of covered bonds by the Bank. The operations of the Management Board are further regulated by the Management Board's by-laws.

The Management Board consists of at least three members who are appointed and dismissed by the Supervisory Board. The members of the Management Board are appointed for a joint four-year term. There are no restrictions on reappointment of members of the Management Board. As at the date of the Second Supplement to the Base Prospectus, the members of the Management Board are:

<u>Name</u>	<u>Year of birth</u>	<u>Position</u>	<u>Commencement of membership on the Management Board</u>	<u>Commencement of current term of office</u>	<u>Date of expiration of current term of office**</u>
Jakub Niesłuchowski	1981	Supervisory Board Member temporarily performing duties of the member of the Management Board holding the position of the President of the Management Board	2 August 2022*	30 March 2019	30 June 2023
Katarzyna Surdy	1975	Vice-President of the Management Board	1 October 2021	30 March 2019	30 June 2023
Piotr Kochanek	1980	Vice-President of the Management Board	1 January 2019	30 March 2019	30 June 2023

\* Delegation until the date of appointment of the member of the Management Board holding the position of the President of the Management Board, however, in any case no longer than until 1 November 2022.

\*\* The term of office covers three full consecutive financial years; the term of office of the Management Board members expires on the date of the General Meeting approving the financial report for the third full financial year of the term of office of the Management Board.

Mr Jakub Niesłuchowski is a member of the supervisory board of Bank Pocztowy S.A., a Polish bank which is the Bank's competitor. This may create potential conflicts of interest between Mr Niesłuchowski's duties to the Bank and his duties to Bank Pocztowy S.A. Apart from this potential conflict of interest, to the best of the Bank's knowledge, there are no potential conflicts of interest between the duties owed by the members of the Management Board with respect to the Bank and their private interests or other duties.

#### ***Jakub Niesłuchowski***

Mr Niesłuchowski is a graduate of the Warsaw School of Economics. He is also a certified Financial Risk Manager and a Chartered Financial Analyst. Additionally, he is a graduate of the Advanced Management Programme from the IESE Business School at the University of Navarra.

From 2015 to 2019, he was the Bank's Deputy CEO and CFO. In March 2019, he became the Managing Director of PKO BP's Finance Division where he is responsible for strategic asset and liability management, controlling and financially supervising PKO Group entities.

Before joining the Group, he worked at PwC, where he advised financial institutions in Poland and abroad on risk management, capital adequacy, performance measurement and establishing mortgage banks, including the Bank. He is also a Supervisory Board Member of Bank Pocztowy S.A.

#### ***Katarzyna Surdy***

Ms Surdy graduated with honors from the Faculty of Law at the University of Warsaw.

She has over 20 years of experience in banking. She started her professional career at Bank BGŻ S.A. in positions related to servicing international banking and trade finance products. Since 2008 at Nordea Bank Polska S.A., she has held independent and, since 2011, managerial positions in the areas of compliance and operational risk management, anti-money laundering and information security.

Since 2014, she has been associated with the PKO Bank Polski Group where she participated in the project of establishing of PKO Bank Hipoteczny S.A., with responsibility, for, among others, creating the compliance risk management system, the Bank's security and corporate governance structures and for formalizing the outsourcing model. Then, as the Office Director, she managed the area of compliance, security and legal services, participating in the Bank's key business projects. She is a specialist in the field of banking regulations, mortgages and outsourcing.

***Piotr Kochanek***

Mr Kochanek is a graduate of the Faculty of Mathematics of the Silesian University of Technology. He has gained his professional experience working for Bank BPH, DnB Nord Polska, Allianz Bank Polska and Nordea Bank Polska. Since 2014, he has been associated with the Bank, where as Head of Risk Department, he was responsible, among others, for creating a comprehensive risk management system and capital adequacy of the Bank, development of a management information system in the risk area and a project for transferring receivables from PKO BP to the Bank.

## 8. *Overview of legal regulations concerning the banking sector*

The following paragraph shall be added to the section “*Regulation of mortgage loans*” on the page 87 of the Prospectus:

### *“Temporary suspension of mortgage loan repayment*

The Act on Supporting Borrowers introduced the temporary suspension of mortgage loan repayment. In accordance with its provisions, at the request of the consumer, the lender suspends the repayment of a mortgage loan granted in PLN, except for loans indexed to or denominated in a currency other than PLN. The consumer is entitled to a suspension of mortgage loan repayment (i) for two months in the period from 1 August 2022 until 30 September 2022, (ii) for two months in the period from 1 October until 31 December 2022 and (iii) for one month in each quarter in the period from 1 January 2023 until 31 December 2023.

Suspension of mortgage loan repayment is available to the consumer only in relation to one mortgage loan agreement concluded for the purpose of the consumer’s own housing needs. During the suspension period, the consumer is not obliged to make payments under the mortgage loan agreement, with the exception of insurance fees associated with the mortgage loan agreement.

The mortgage loan repayment suspension period is not included in the mortgage loan term. The mortgage loan term and the deadlines stipulated in the mortgage loan agreement are extended by the period of suspension of mortgage loan repayment. During the period of suspension of mortgage loan repayment, no interest is charged or fees are levied other than those indicated in the bank's confirmation of receipt of the consumer's request for suspension of mortgage loan repayment. A change in the term of the mortgage loan as a result of the suspension of mortgage loan repayment does not require the consent of the persons who established the mortgage loan collateral, nor does it need to be disclosed in the mortgage securing the mortgage loan repayment.”

**9. *Overview of the Polish covered bonds legislation***

On the page 89 of the Base Prospectus, the contents of the chapter “*Overview of the Polish covered bonds legislation*” shall be replaced with the following wording:

## **“OVERVIEW OF THE POLISH COVERED BONDS LEGISLATION**

*The following description is of a general nature and sets out certain features of Polish law governing the issuance of covered bonds as at the date of this Base Prospectus. It does not purport to be, and is not, a complete description of all aspects of the Polish legislative and regulatory framework pertaining to the Covered Bonds.*

### **Introduction**

As at the date of this Base Prospectus, the main act of law governing the covered bonds in Poland is the Polish Covered Bonds Act. The Polish Covered Bonds Act was adopted on 29 August 1997 and came into force on 1 January 1998. The most recent significant amendment to the Polish Covered Bonds Act was adopted on 7 April 2022 and came into force on 8 July 2022. Other laws and regulations that also apply to mortgage banks and covered bonds are, amongst others, the Bonds Act, the Banking Act, the Bankruptcy Law as well as the decrees issued by the Minister of Finance and the recommendations issued by the KNF.

### **Mortgage banks**

In Poland, only specialised mortgage banks may issue covered bonds. As at the date of this Base Prospectus, all mortgage banks operating in Poland are subsidiaries of a bank and a separate legal entity. Establishing a mortgage bank requires a license from the KNF and mortgage banks' activities are subject to KNF supervision.

### **Mortgage banks' lending activity**

In accordance with the Polish Covered Bonds Act, the lending activities of mortgage banks cover: (i) granting mortgage loans; (ii) granting loans secured by a guarantee or surety of the State Treasury of the Republic of Poland, the NBP, the European Central Bank, governments and central banks of the EU and OECD member states, except for countries that are restructuring their external indebtedness or have restructured their external indebtedness in the last five years, (iii) granting loans to these entities, loans to local government units and loans secured by a guarantee or surety of the local government units, (iv) purchasing loans of the type referred to in (i) and (ii) above from other banks; and (v) purchasing securities issued by the State Treasury of the Republic of Poland, local government units or Bank Gospodarstwa Krajowego secured in full by a guarantee or surety of the State Treasury.

Under the Polish Covered Bonds Act, the amount of a single mortgage loan, on the day the bank grants or acquires the loan, may not exceed the mortgage lending value of the secured property. The minister competent for financial institutions may, by a decree and upon the consultation with the Financial Stability Committee (*Komitet Stabilności Finansowej*), lower such maximum proportion of the amount of a single mortgage loan and the mortgage lending value of the secured property.

### **Mortgage banks' information obligations**

In accordance with the Polish Covered Bonds Act, mortgage banks are obliged to provide the KNF with information on covered bonds issuances and specifying the scope of this information, as well as certain other information required to be on the mortgage bank's website, was introduced.

By 31 March of each year, mortgage banks are obliged to provide the KNF with information as of the last day of the previous year regarding, among others, the value of the cover pool assets (including the value of the core and substitute assets), operations on the derivative contracts included in the cover pool, the collateralisation review, results of the coverage and liquidity tests and the value of obligations under the outstanding covered bonds. Mortgage banks are also obliged to provide the KNF with the above information in case of bankruptcy, liquidation or compulsory restructuring.

Moreover, not later than the end of each quarter, mortgage banks must make available on their websites information on covered bond issues containing, among others, the value of the cover pool and the total amount of the nominal values of the covered bonds outstanding, series numbers of traded covered bonds (ISIN codes) and the level of available, required and established overcollateralisation.

### **KNF's administrative sanctions**

In accordance with the Polish Covered Bonds Act, the KNF restricts the activities of a mortgage bank in the field of issuing covered bonds if it is found that the mortgage bank (i) obtained a license to issue covered bonds under the covered bonds program on the basis of false information or documents certifying an untruth or (ii) issues covered bonds under the covered bonds program, flagrantly and persistently violating the law.

The KNF may restrict the activities of a mortgage bank with respect to the issuance of covered bonds if it finds that the mortgage bank (i) ceased to meet the conditions for conducting the business of issuing covered bonds, (ii) included derivative contracts for which the conditions specified in the Polish Covered Bonds Act have not been met in the cover

pool, (iii) issues covered bonds providing for an extension of their maturity in other cases than bankruptcy, (iv) uses the designations of covered bonds referred to in the Polish Covered Bonds Act contrary to the conditions specified therein or otherwise materially prejudices the interests of investors purchasing covered bonds, (v) violates its information obligations set out in the Polish Covered Bonds Act or (vi) violates the provisions regarding the liquidity buffer or the cover pool register.

In certain cases the KNF may, instead of restricting the mortgage bank's activities with respect to issuing covered bonds, impose a fine on the mortgage bank or the mortgage bank's management board member responsible for the violation. The fine may be imposed in the amount of (i) in the case of its imposition on a mortgage bank - up to 10% of the revenue shown in the last audited financial statements of the mortgage bank, and in the absence of such statements - up to 10% of the projected revenue determined on the basis of the economic and financial situation of the mortgage bank or (ii) in case of its imposition on the member of the management board of the mortgage bank responsible for the violation - up to PLN 20,000,000. In addition to the fine, the KNF may order the mortgage bank or the member of the management board responsible for infringements to cease activities constituting an infringement and to refrain from such activities in the future.

The KNF informs the public and the European Banking Authority about any sanctions imposed under the Polish Covered Bonds Act.

### **Covered bonds**

Covered bonds (*listy zastawne*) are debt securities issued exclusively by mortgage banks under the Polish Covered Bonds Act, secured by assets that constitute collateral for covered bonds and in respect to which holders of the covered bonds have a direct claim both to the separate bankruptcy estate and to the mortgage bank. There are two types of covered bonds: mortgage covered bonds (*hipoteczne listy zastawne*) and public covered bonds (*publiczne listy zastawne*). A covered bond may be labeled as a "European covered bond" (*europaeski list zastawny* or *europaeska obligacja zabezpieczona*). A covered bond that meets the requirements set in Art. 129 of Regulation no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 may be labeled as a "European Covered Bond (Premium)" (*europaeski list zastawny (premium)* or *europaeska obligacja zabezpieczona (premium)*). For a description of assets constituting the basis for issuing mortgage covered bonds and public covered bonds, see "Core assets" below.

From 1 July 2019, covered bonds have to be issued in dematerialised form. However, covered bonds with a nominal value of at least EUR 100,000 at the date of issuance may be in document form, provided that, within six months, such covered bonds are registered in the central securities depository within the meaning of the Act on Trading in Financial Instruments dated 29 July 2005 (*ustawa o obrocie instrumentami finansowymi*) ("**Act on Trading in Financial Instruments**") or in another registration system in accordance with Article 49, section 1 of Regulation (EU) 909/2014 ("**CSDR**"). Pursuant to the Act on Trading in Financial Instruments, covered bonds registered in accordance with Article 49, section 1 of the CSDR in another registration system are dematerialised upon such registration. However, this provision does not supersede other relevant laws of the jurisdiction in which the other registration system operates. Based on the legal justification of such change, the requirement to register securities pursuant to Article 49, section 1 of the CSDR was introduced to expressly allow the possibility of registering covered bonds in a securities depository other than the National Depository for Securities ("**KDPW**").

Covered bonds constitute direct, unconditional and unsubordinated obligations of the Bank, and rank *pari passu* among themselves and with all other obligations of the Bank which have the same priority as the covered bonds. Any obligations of the Bank arising from the covered bonds are obligations of the Bank that can be repaid from any assets of the Bank, subject to a special regime that applies to obligations arising from covered bonds on the Bank's bankruptcy. The assets which satisfy the relevant criteria set out in the Polish Covered Bonds Act and which cover the obligations of the Bank arising from the covered bonds are referred to in this Base Prospectus as the cover pool. The Polish Covered Bonds Act sets out the criteria that certain assets must meet to be eligible to constitute cover for covered bonds.

Under the Polish Covered Bonds Act, the title to assets in the cover pool is held by the Bank and these assets remain on the Bank's balance sheet. Subject to certain exceptions in the course of the bankruptcy proceedings (described in detail in the "*Bankruptcy and Insolvency*" section), the holders of the covered bonds do not have direct access to the assets in the cover pool.

In accordance with the Polish Covered Bonds Act, the mortgages established to secure loans included in the cover pool must have the highest priority. This means that, on enforcement of the Bank's claims secured by a mortgage, the Bank's claims will be satisfied after the satisfaction of the enforcement costs, alimonies, and the statutory minimum wage for a three-month period, pensions due as compensation for an illness, inability to work, disability or death but ahead of the other creditors of the Bank.

The aggregate principal amount of outstanding covered bonds may not exceed 40 times the mortgage bank's own funds increased by the general risk reserves created by the mortgage bank.



## Terms and conditions of covered bonds

The Polish Covered Bonds Act contains a list of the following mandatory items to be included in the terms and conditions of covered bonds:

- (i) the method and dates of interest payments and the dates and terms of redemption of the covered bond applicable in the event of the declaration of bankruptcy of the mortgage bank;
- (ii) terms and conditions for the performance of covered bond obligations in the event of the initiation of a compulsory restructuring of the mortgage bank; and
- (iii) the powers and role of the KNF and the trustee in case of declaration of bankruptcy of the mortgage bank.

## Covered bonds issuance program

Under the Polish Covered Bonds Act, the elements of the covered bonds issuance program are, at a minimum:

- (i) mortgage bank's operating program including covered bonds issuances;
- (ii) internal regulations of the mortgage bank concerning its operations and covered bonds issuances including (i) regulations on determining the mortgage lending value of real estate and internal regulations for verifying the mortgage lending value of real estate, (ii) internal regulations on mitigating currency and interest rate risks associated with the covered bonds issuance, (iii) internal regulations on granting loans or acquiring receivables from granted loans included in the asset pool, including decisions on their granting, acquisition, amendment, renewal and refinancing and (iv) internal regulations on maintaining the cover pool register, the collateralisation review and conducting the coverage and liquidity test;
- (iii) internal regulations concerning the possession of appropriate qualifications and adequate knowledge regarding the issuance of covered bonds and the administration of the covered bonds program by mortgage bank executives and employees designated to perform activities related to the covered bonds program; and
- (iv) internal regulations regarding the selection of candidates for the position of the cover pool monitor and the deputy cover pool monitor who have the appropriate qualifications and relevant knowledge to perform these functions.

## Composition of the Cover Pool

### *General*

A mortgage bank maintains separate cover pools for mortgage covered bonds and public covered bonds. There is only one cover pool for each type of covered bond, so that holders of all mortgage covered bonds have the benefit of the same cover pool and holders of all public covered bonds have the benefit of the same cover pool. The cover pool must comply with the requirements concerning, among others, the value of the assets, set out in the Polish Covered Bonds Act. Under certain conditions set out in the Polish Covered Bonds Act, derivative contracts may be included in the cover pool and the mortgage bank is obliged to collect documentation on such derivative contracts.

Additionally, a mortgage bank must maintain a cover pool register (*rejestr zabezpieczenia listów zastawnych*) for each cover pool indicating the assets constituting the cover pool. A mortgage bank enters both core and substitute assets as well as the assets in the liquidity buffer in the cover pool register. For a description of assets in the liquidity buffer, please see "*Liquidity buffer*" below.

The value of a loan disclosed in the cover pool register is up to the amount of the loan indicated in the relevant loan agreement for the loans originated or acquired by the mortgage bank. Within three months from the end of each financial year, a mortgage bank will announce in "*Monitor Sądowy i Gospodarczy*" the aggregate value of assets entered in the register as at the end of the financial year.

There are two types of assets in the cover pool: the core assets and the substitute assets. At least 85 per cent. of the assets in the cover pool must be core assets. Mortgage banks are subject to a mandatory overcollateralisation requirement, so that at all times the value of the assets in the cover pool must be at least 105 per cent. of the aggregate principal amount of the outstanding covered bonds. If the assets in the cover pool are denominated in a currency different from the currency of the covered bonds, the mortgage bank is required to enter into transactions hedging the currency risk.

A mortgage bank cannot dispose of the assets included in the cover pool without the prior written consent of the cover pool monitor. Generally, a mortgage bank can use the assets in the cover pool as collateral only for the covered bonds. The only exceptions are establishing collateral for derivative contracts entered into by the mortgage bank and entered in the cover pool register and collateral established in favour of settlement systems of which a mortgage bank is a member.

### *Core assets*

For mortgage covered bonds, the core assets consist of mortgage loans, both originated by the mortgage bank and acquired by the mortgage bank from other banks.

The mortgage bank may apply the proceeds from the issuance of covered bonds towards refinancing the mortgage loans in the cover pool. Refinancing in relation to a single loan cannot exceed 80 per cent. of the mortgage lending value for residential properties and 60 per cent. of the mortgage lending value for other properties.

A mortgage securing a loan to be included in the cover pool must have the highest priority. The mortgage bank may disburse the funds to the borrower before the mortgage is entered in the land and mortgage register if the bank received interim security.

Loans secured by mortgages over real property on which construction works are pending cannot exceed 10 per cent. of the aggregate principal amount of loans in the cover pool. Loans secured by mortgages over real property on which there are no buildings, but which is designated for construction in the applicable zoning plan, cannot exceed 10 per cent. of this limit.

For public covered bonds, the core assets are: (i) loans secured by a guarantee of the State Treasury of the Republic of Poland, the NBP, the European Central Bank, governments and central banks of the EU and OECD member states, except for states which are restructuring their external indebtedness or have restructured their external indebtedness in the last five years; (ii) loans to the State Treasury of the Republic of Poland, the NBP, the European Central Bank, governments and central banks of the EU and OECD member states, except for states which are restructuring their external indebtedness or have restructured their external indebtedness in the last five years; (iii) loans to local government units, (iv) loans secured by a guarantee or surety of the local government units; and (v) securities purchased by the mortgage bank issued by the State Treasury of the Republic of Poland, local government units or Bank Gospodarstwa Krajowego, which have been fully secured by a guarantee or surety of the State Treasury.

### *Substitute assets*

The substitute assets, for both mortgage covered bonds and public covered bonds, are securities issued or guaranteed by the State Treasury of the Republic of Poland, the NBP, the European Central Bank, governments and central banks of the EU and OECD member states, except for states which are restructuring their external indebtedness or have restructured their external indebtedness in the last five years, cash deposited by the mortgage bank with the NBP and cash deposited in domestic banks.

### *Liquidity buffer*

A mortgage bank has to maintain a liquidity buffer. The value of the assets in the liquidity buffer must be at least the amount of the maximum cumulative net liquidity outflow over the next 180 days. Net liquidity outflows represent payment outflows due on a given payment date, including payments of the nominal value amount of covered bonds and interest on such bonds, as well as payments on derivative contracts under the covered bond program, after deducting payment inflows due on the same date on the assets backing the covered bonds. The above is calculated taking into consideration the 12-month extension of maturity of covered bonds. The liquidity buffer is created only from assets that qualify as Level 1, 2A or 2B assets in accordance with Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 supplementing Regulation (EU) No. 575/2013 of the European Parliament and of the Council with regard to the requirement to cover net outflows for credit institutions that are valued in accordance with the Regulation and are not issued by entities referred to in Article 7 (3) of the Regulation. The assets included in the liquidity buffer cannot be used as a base for issuing covered bonds and, in the event of bankruptcy of a mortgage bank, will belong to a separate bankruptcy asset pool (please see the "*Bankruptcy and Insolvency*" section of this Base Prospectus).

### *Derivative contracts*

Derivative contracts may be included in the cover pool provided that the following conditions are met:

- (i) the derivative contracts were entered into in order to mitigate currency risk or interest rate risk associated with the issued covered bonds, with the volume of derivative contracts hedging the risk in question being reduced accordingly if the risk being hedged is reduced, and if the risk being hedged ceases to exist, the instruments are removed from the cover pool register;
- (ii) a domestic bank, credit institution, brokerage house or foreign investment firm is a party to the derivative contract;
- (iii) the party to the derivative contract (i) has a credit quality rating of 1 or 2, assigned by an external credit assessment institution, (ii) is not subject to restructuring proceedings, (iii) is not in liquidation or bankruptcy or

has not had an application for bankruptcy dismissed against it and (iv) is not an entity undergoing restructuring within the meaning of Art. 2.44 of the Resolution Act;

- (iv) the derivative contract excludes the power to terminate it upon the initiation of compulsory restructuring or bankruptcy proceedings against the mortgage bank or the dismissal of the application for bankruptcy of the mortgage bank;
- (v) certain requirements set out in Regulation no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 regarding the collateral to the derivative contract, if established, are met; and
- (vi) the valuation of derivative contracts was made in accordance with the accounting principles (policies) adopted by the mortgage bank.

### **Valuation of assets in the cover pool**

As required by the Polish Covered Bonds Act, a mortgage bank should determine the mortgage lending value of a real property in a prudent and cautious manner. The mortgage lending value of a property is determined on the basis of valuation prepared by the mortgage bank or by a separate entity. The cover pool monitor and the KNF may review the valuation. The detailed principles of determining the mortgage lending value of a real property are issued by the management board of a mortgage bank and are subject to the KNF's approval. Under Recommendation F issued by the KNF, if the valuation is conducted by the mortgage bank, it should be conducted by a separate organisational unit within the mortgage bank, independent from the units responsible for selling mortgage loans and handling the loan application process. Additionally, Recommendation F provides that a simplified valuation procedure may be adopted for credit exposures whose value does not exceed PLN 300,000 for properties located in Warsaw, Cracow, Poznań, Wrocław, Gdańsk, Sopot or Gdynia and PLN 200,000 for properties located elsewhere. For more information on the valuation process, please see "*Risk Management – Mortgage lending value*".

### **The role of the cover pool monitor**

The Polish Covered Bonds Act governs the appointment and the responsibilities of the cover pool monitor and the deputy cover pool monitor.

The cover pool monitor monitors whether:

- there is appropriate coverage for the outstanding covered bonds;
- the mortgage lending value of the property was established in accordance with rules of establishing the mortgage lending value of the property adopted by the mortgage bank;
- the mortgage bank maintains the required overcollateralisation level and liquidity buffers;
- the results of the liquidity test and the coverage test confirm that the claims of the holders of the covered bonds can be satisfied in full;
- the mortgage bank maintains the cover pool register in accordance with the applicable regulations; and
- the mortgage bank maintains the appropriate cover pool and controls whether required entries are made in the cover pool register.

The cover pool monitor must notify the KNF if it identifies any non-compliance by the mortgage bank with the applicable regulations or if the result of the coverage test or the liquidity test is negative. On a monthly basis, the cover pool monitor must provide the KNF with a copy of the cover pool register for the preceding month countersigned by the cover pool monitor.

Deputy cover pool monitor helps cover pool monitor in performance of its tasks and may replace it in his absence. According to the Polish Covered Bonds Act, there must be one cover pool monitor and at least one deputy cover pool monitor at a mortgage bank. Additional deputy cover pool monitors may be appointed if required due to the scale of the mortgage bank's operations. The cover pool monitors and the deputy cover pool monitors must be citizens of an EU member state, have a university degree and people who can guarantee the proper performance of their obligations. Provisions of this Base Prospectus referring to a cover pool monitor apply accordingly to deputy cover pool monitors.

The cover pool monitor and the deputy cover pool monitors are appointed by the KNF upon an application from the mortgage bank's supervisory board for a six-year term and may be appointed for one additional term.

The cover pool monitor and deputy cover pool monitors are independent and not bound by the instructions of the body that appointed them, and are independent of the auditing firm that audits the mortgage bank's financial statements. Disputes between the pool monitor and the mortgage bank are resolved by the KNF.

### Monitoring the cover pool

The mortgage bank conducts the collateralisation review (*rachunek zabezpieczenia*). The mortgage bank monitors daily the satisfaction of the overcollateralisation requirements and verifies whether the mortgage bank's interest income from assets in the cover pool is not lower than interest payable under the outstanding covered bonds. Additionally, each mortgage bank has to perform two periodic tests: the coverage test and the liquidity test.

The coverage test verifies whether the value of the assets in the cover pool allows for full satisfaction of all claims under the outstanding covered bonds. Under the decree of the Minister of Finance dated 21 June 2022, a mortgage bank should perform the coverage test using the following formula:

$$\frac{\text{core assets from the cover pool} + \text{substitute assets from the cover pool} + \text{derivative contracts from the cover pool} + \text{liquidity buffer}}{\text{principal amount of outstanding covered bonds} + \text{estimated costs of maintaining the covered bond program and estimated costs of administering the program in the event of its liquidation} + \text{costs of liquidating bankruptcy asset pool} + \text{due and unpaid interest}}$$

The purpose of the liquidity test is to verify that the value of the assets in the cover pool is sufficient for full satisfaction of all claims under the outstanding covered bonds even if the maturity of the covered bonds is extended in bankruptcy proceedings. Under the decree of the Minister of Finance, a mortgage bank should perform the liquidity test for a 180-day period and a 12-month period.

The liquidity test for the 180-day period is conducted using the following formula:

$$\begin{aligned} & (\text{Substitute assets from the cover pool in the amount possible to acquire in the next 180 days} + \text{liquidity buffer} + \\ & \text{payments under derivative contracts for the next 180 days}) - \\ & (\text{Interest payable in the next 180 days} + \\ & \text{principal amount of covered bonds that fall due in the next 180 days} + \\ & \text{estimated costs of maintaining the covered bond program and estimated costs of administering the program in the event} \\ & \text{of its liquidation in the next 180 days} + \text{liquidation costs for the separate bankruptcy estate for the next 180 days}) \end{aligned}$$

The liquidity test for the 12-month period is conducted using the following formula:

$$\begin{aligned} & (\text{Substitute assets from the cover pool in the amount possible to acquire in the next 12 months} + \text{liquidity buffer} + \\ & \text{payments under derivative contracts for the next 12 months} + \\ & \text{interest under core assets from the cover pool for the next 12 months} + \\ & \text{repayment of principal of core assets in the cover pool for the next 12 months}) - \\ & (\text{Interest payable in the next 12 months} + \\ & \text{principal amount of covered bonds that fall due in the next 12 months (assuming a 12-month extension of the maturity} \\ & \text{date of the covered bonds)} + \\ & \text{obligations towards holders that became due but were not paid before the date of declaration of bankruptcy} + \text{estimated} \\ & \text{costs of maintaining the covered bond program and estimated costs of administering the program in the event of its} \\ & \text{liquidation in the next 12 months} + \text{liquidation costs for the separate bankruptcy estate for the next 12 months}) \end{aligned}$$

The liquidity test should be performed by taking into account interest and the principal amount payable in respect of covered bonds: (i) in the next 180 days; and (ii) in the next 12 months.

In conducting the tests, the mortgage bank should take into account (i) derivative contracts included in the cover pool, whereby: a) in the coverage test it should take into account the value of acquired derivative contracts and changes in their value and b) in the liquidity test it should take into account payments on derivative contracts, (ii) estimated costs of maintaining the covered bond program and estimated costs of administering the program in the event of its liquidation and (iii) liquidation costs of the separate bankruptcy estate and foreign exchange and interest rate differences if such differences were not hedged with appropriate hedging transactions. The tests are conducted by reference to the market conditions as at the day of the test and by reference to adverse market conditions.

The liquidity test must be performed at least every three months and the coverage test must be performed every six months. The test results are positive if they demonstrate that on the date of conducting the tests the assets entered in the cover pool register were sufficient to satisfy the claims of holders of the covered bonds in full. The test results are verified by the cover pool monitor. If the result of any test is negative, the cover pool monitor must notify the KNF.”

**10. *Bankruptcy and insolvency***

On the page 94 of the Base Prospectus, the contents of the chapter “*Bankruptcy and insolvency*” shall be replaced with the following wording:

## **“BANKRUPTCY AND INSOLVENCY**

### **Centre of main interest**

The Bank has its registered office in the Republic of Poland. As a result, there is a rebuttable presumption that its centre of main interest ("COMI") is in the Republic of Poland and, consequently, that any main insolvency proceedings applicable to it would be governed by Polish law.

As per the provisions of Article 3 of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (the "**Insolvency Regulation**"), the place of the company's registered office is presumed to be the company's COMI in the absence of proof to the contrary (provided, however, that this presumption only applies if the registered office has not been moved to another Member State within the three-month period prior to the request for the opening of insolvency proceedings). The European Court of Justice, in its decision in relation to Eurofood IFSC Limited, held that the presumption can only be rebutted if factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect. Although the decision was made on the basis of the provision of the Council Regulation (EC) No. 1346/2000, the Bank believes that it should apply, accordingly, to the provisions of the Insolvency Regulation. As the Bank has its registered office in the Republic of Poland, its management board consists of mainly Polish persons and it is registered for tax in the Republic of Poland, the Bank does not believe that factors exist that would rebut this presumption; however, there can be no assurance that a court would agree with this presumption.

### **Recovery plan**

If a mortgage bank is in breach of the capital adequacy requirements, there is a threat that a mortgage bank might breach the capital adequacy requirements, the financial position of the mortgage bank deteriorated materially, the mortgage bank demonstrates a loss, there is a threat that the mortgage bank may demonstrate a loss, there is a risk that the mortgage bank may become insolvent or illiquid, the leverage ratio is increasing, the value of non-performing loans or the concentration of exposure is increasing, the mortgage bank should notify the KNF and BGF.

The KNF may:

- request the mortgage bank to implement the recovery plan;
- order the mortgage bank to stop granting loans to the bank's shareholders, the members of the bank's management board and supervisory board, and the bank's employees;
- request the mortgage bank to decrease certain variable elements of the remuneration of individuals holding managerial positions in the mortgage bank or to suspend payment of these variable elements;
- request the mortgage bank's management board to convene a general meeting of the shareholders to ascertain the situation of the mortgage bank, adopt a decision on covering the balance sheet loss and take other decisions, including a decision on increasing the mortgage bank's own funds;
- request the mortgage bank to dismiss a person holding a managerial position at the mortgage bank;
- order the mortgage bank to prepare and implement a restructuring plan (*plan restrukturyzacji*);
- request the mortgage bank to amend its business strategy; or
- request the bank to amend its constitutional documents or the organisational structure.

The KNF may also appoint a trustee (*kurator*) to oversee the execution of the recovery plan. The trustee may participate in the meetings of the mortgage bank's governing bodies and has access to all information necessary to perform his duties. The trustee may also file with the relevant court an objection against the decisions of the mortgage bank's management board and supervisory board. The trustee may also bring an action against the resolution of general meeting of shareholders of the mortgage bank if such resolution adversely affects the interests of the mortgage bank.

If the measures ordered by the KNF are insufficient or the implementation of the recovery plan is insufficient to remedy the situation of the bank, the KNF may decide to appoint a receiver (*zarząd komisaryczny*). The receiver replaces the management board and the supervisory board and takes over the management of the mortgage bank. The receiver prepares a recovery plan and, after agreeing the plan with the KNF, executes it.

### **Liquidation**

If, after six months from convening an extraordinary general meeting of the shareholders referred to in "*Recovery plan*" above, the loss of the mortgage bank exceeds half of the mortgage bank's own funds, the KNF may revoke the bank's banking licence and order its liquidation.

The liquidation of a bank is conducted by a liquidator (*likwidator*) appointed by the KNF. Upon the liquidator's appointment, the management board of the bank is dismissed and the supervisory board is suspended. The liquidator takes over the management of the bank and represents the bank in all matters. The purpose of the liquidation proceedings is to collect the bank's outstanding claims, liquidate its assets and terminate the bank's operations. The claims of the holders of the covered bonds and the counterparties to eligible hedging are satisfied on *pro rata* basis from the assets in the cover pool ahead of claims of other creditors of the mortgage bank. The claims of the bank's shareholders are satisfied after the satisfaction of the claims of the other creditors of the bank. Once the liquidator completes the liquidation, the liquidator files a report with the KNF and applies to the court maintaining the register of entrepreneurs (*rejestr przedsiębiorców*) to delete the bank from the register of entrepreneurs. The bank ceases to exist on the day it is deleted from the register of entrepreneurs.

### Compulsory Restructuring

The BRRD was implemented in Poland by the Resolution Act, which entered into force on 9 October 2016.

Under the Resolution Act, the BFG became the applicable resolution authority and was granted broad powers with respect to the Polish banks and other financial institutions (a "**Resolution Entity**"). The BFG can either initiate compulsory restructuring proceedings concerning a Resolution Entity or decide to apply the bail-in tools concerning its capital instruments if (i) the threat of that Resolution Entity's insolvency cannot be ruled out by steps taken by it or its supervisory authorities, or (ii) initiating such BFG's actions are in the public interest.

The BFG can apply the following resolution tools with respect to the Resolution Entity:

- sale of business;
- bridge institution;
- asset separation; and
- bail-in (i.e., compulsory write-down or conversion of Resolution Entity's obligations).

The above tools may be applied separately or in any combination save that asset separation can only be applied in conjunction with another resolution tool.

In addition to the resolution tools, the Resolution Act grants certain resolution powers to the BFG, including:

- the right to suspend the termination rights of a party to an agreement with the Resolution Entity until midnight on the business day following the date on which the publication notice of that suspension occurs;
- the right to suspend the termination rights of a party to an agreement with a subsidiary of the Resolution Entity until midnight on the business day following the date on which the publication notice of that suspension occurs, provided that certain conditions are met;
- the right to suspend the performance of any due obligations of the Resolution Entity under an agreement until midnight on the business day following the date on which the publication notice of that suspension occurs; and
- the right to suspend the rights of a secured creditor to enforce a security interest concerning any assets of the Resolution Entity until midnight on the business day following the date on which the publication notice of that suspension occurs.

The above suspension rules do not apply to certain types of claims specified in detail in the Resolution Act.

If compulsory restructuring proceedings are commenced, the mortgage bank is obliged to submit certain information listed in the Covered Bonds Act, including, among others, the value of assets pledged as collateral for covered bonds, to the KNF.

In addition, when compulsory restructuring proceedings are initiated, the KNF cooperates with the BFG in order to ensure that the rights and interests of the Covered Bond Holders are preserved, including ensuring continuous and sound management of the Programme during the period of the resolution process.

The payment obligations of the Bank under the Covered Bonds are not subject to automatic acceleration upon resolution. In the event the Bank becomes subject to resolution, secured liabilities comprising a separate and secured pool, such as obligations of the Bank under the Covered Bonds, remain valid and binding and shall not be subject to compulsory write-down or conversion into equity up to the amount by which all amounts due and payable in respect of such Covered Bonds is fully covered by the Cover Pool. However, the Covered Bonds may be subject to compulsory write-down or conversion to equity to the extent that the value of the Cover Pool is not sufficient to satisfy all claims in respect of amounts due and payable under such Covered Bonds.

Pursuant to the Resolution Act, the BFG may decide to change the Conditions of the Covered Bonds or transfer assets in the Cover Pool to another entity, provided that such change or transfer should not be detrimental to the rights of the Covered Bond Holders or affect the existing level of collateralisation of the Covered Bonds. In particular, the Bank Guarantee Fund shall not: (i) transfer the assets included in the Cover Pool without transferring the liabilities under the Covered Bonds, or (ii) transfer liabilities under the Covered Bonds without transferring the assets in the Cover Pool.

A party to an agreement with the Resolution Entity cannot terminate that agreement due to the BFG's declaration of the initiation of the Resolution Proceedings or the BFG's exercise of its rights within the resolution proceedings, assuming that all the principal obligations under that agreement to make payments or deliveries or provide collateral continue to be performed by the applicable Resolution Entity.

## **Bankruptcy**

### *General*

A creditor of a bank, including a holder of debt securities issued by a bank, cannot file a petition for commencement of bankruptcy proceedings against banks. Such petition may only, in circumstances provided for in the relevant legislation, be filed by the KNF or the BFG.

If, according to the balance sheet prepared as at the last day of the relevant reporting period, the assets of the bank are not sufficient to satisfy the bank's obligations, the management board, the receiver or the liquidator must promptly notify the KNF. The KNF will take a decision on whether to suspend the bank's operations and appoint a receiver if a receiver was not previously appointed and will file a petition to the relevant court for the commencement of bankruptcy proceedings. The KNF will also suspend the bank's operations and appoint a receiver and will file a petition for the commencement of bankruptcy proceedings if, for reasons directly connected with the financial situation of the bank, the bank fails to satisfy its obligations to pay the guaranteed funds specified in Article 2, item 68 of the Resolution Act.

The KNF is not permitted to file a petition to the relevant court for the commencement of bankruptcy proceedings if the BFG has commenced compulsory restructuring in respect of the bank. However, under the Resolution Act, the BFG is also authorised to file a motion to declare a mortgage bank bankrupt if in the course of compulsory restructuring the application of certain resolution tools, i.e., sale of business, bridge institution, and/or asset separation did not result in the sale of the bank subject to the proceedings and according to the balance sheet prepared as at the last day of the relevant reporting period, the assets of the bank are not sufficient to satisfy the bank's obligations.

In the case of declaration of bankruptcy or dismissal of the motion for bankruptcy, the mortgage bank is obliged to submit certain information listed in the Covered Bonds Act, including, among others, the value of assets pledged as collateral for covered bonds, to the KNF.

Before declaring a bank's bankruptcy, the bankruptcy court will question a representative of the KNF, a representative of the BFG, the members of the bank's management board and receiver, and the liquidator regarding the grounds for declaring the bank bankrupt and the candidates for the bankruptcy receiver (*syndyk*).

On the day the bank is declared bankrupt, the management and supervisory bodies of the bank are dissolved. The receivership and the appointment of the liquidator expire. Additionally, the rights of the members of the bank's corporate bodies to receive severance payments and remuneration for the period after the declaration of bankruptcy expires.

Additionally, on the day the bank is declared bankrupt:

- bank account agreements are terminated and interest on deposits is calculated until the date of declaration of bankruptcy; and
- loan agreements are terminated if the funds were not disbursed prior to the date of declaration of bankruptcy.

### *Position of holders of covered bonds*

If the mortgage bank is declared bankrupt, holders of covered bonds can pursue claims against both the mortgage bank and the pool of assets securing the covered bonds segregated into a separate bankruptcy estate.

On the declaration of a mortgage bank's bankruptcy, the following assets will constitute a separate bankruptcy asset pool:

- the assets in the cover pool, including the rights under the derivative contracts which comply with the requirements described in "Overview of the Polish covered bonds legislation – Composition of the cover pool – Derivative contracts";
- the assets in the liquidity buffer;
- proceeds from payments under receivables in the cover pool; and



- assets acquired by the mortgage bank in exchange for assets in the cover pool.

If there is any doubt as to whether a mortgage bank's asset should be included in the separate bankruptcy asset pool, for the purpose of the bankruptcy proceedings, it is included in the bankruptcy estate up to its value indicated in the cover pool register.

If there is any surplus left in the separate bankruptcy asset pool after satisfying the claims of the holders of the covered bonds, it is added to the general bankruptcy estate of the mortgage bank.

In principle, the mortgage bank's creditors cannot set-off their claims against the mortgage bank with the mortgage bank's claims against these creditors included in the separate bankruptcy asset pool. The only exceptions, subject to satisfying additional requirements regarding the inclusion in the asset pool constituting collateral, are:

- set-off of claims under hedging transactions indicated in the cover pool register; and
- settlement of claims between the mortgage bank and the payment and settlement system of which the mortgage bank is a member as well as settlement of financial collateral granted by the mortgage bank.

The rules concerning satisfaction of claims of the holders of covered bonds on a mortgage bank's bankruptcy also apply to satisfaction of claims of counterparties to hedging transactions entered into by the mortgage bank which are entered in the cover pool register.

After consultation with the KNF, the bankruptcy court will appoint a trustee (*kurator*) who will represent the holders of the covered bonds in the bankruptcy proceedings. The KNF and the trustee may exchange information on the covered bond issuance program with each other to the extent necessary to conduct bankruptcy proceedings. The holders of the covered bonds may also participate in the bankruptcy proceedings after receiving consent from the judge-commissioner (*sędzia komisarz*) conducting the proceedings.

The bankruptcy court will also appoint a bankruptcy receiver. The bankruptcy receiver takes over the management of the mortgage bank's assets from the bank's management and should liquidate the bankrupt bank's assets. From his appointment, the bankruptcy receiver acts in his own name, but on behalf of the bankrupt bank.

Within 21 days from the day of declaration of the mortgage bank's bankruptcy, the trustee will report to the bankruptcy estate:

- the aggregate principal amount of the outstanding covered bonds which became due before the date of declaration of bankruptcy;
- the aggregate amount of all interest outstanding under the covered bonds; and
- the aggregate principal amount all outstanding covered bonds due after the date of declaration of bankruptcy, interest due after the date of declaration of bankruptcy and any applicable premiums.

On the date of declaration of bankruptcy, the maturity of all outstanding covered bonds is extended by the meetings of Holders of Covered Bonds. The obligations towards holders of the covered bonds which became due before the declaration of bankruptcy and which were not paid are satisfied within 12 months from the date of the declaration of bankruptcy, but no earlier than the day falling after the results of the coverage test and the liquidity test are announced. Due interest under the covered bonds is paid in the manner set out in the terms and conditions of the covered bonds. Extension of the maturity of the issued covered bonds is allowed only if the mortgage bank is declared bankrupt.

Within three months from the date the bank was declared bankrupt, the bankruptcy receiver is required to conduct the coverage test and the liquidity test (for a detailed description of the tests, please see "*Overview of the Polish Covered Bonds Legislation – Monitoring the cover pool*"). The results of the tests are positive if the separate bankruptcy asset pool is sufficient to satisfy the claims of the holders of all outstanding covered bonds. The test results are published by the judge-commissioner.

If the results of both tests are positive, the claims under the covered bonds are satisfied in accordance with the terms and conditions of the covered bonds, taking into account the extension of maturity of the covered bonds by 12 months. In this scenario, the receiver may enter into hedging transactions.

Within two months from the date the test results are announced, a meeting of holders of the covered bonds may request the receiver, by way of resolution adopted with a majority of two-thirds of votes of holders of the outstanding covered bonds, to sell all receivables and rights in the separate bankruptcy asset pool:

- to another mortgage bank together with transferring to the purchaser all obligations of the bankrupt bank under the covered bonds; or
- to another bank or another mortgage bank without transferring to the purchaser the obligations of the bankrupt bank under the covered bonds.

A meeting of the holders of the covered bonds may be convened if a request for convening the meeting is made within a month from the date the test results are announced. If this resolution is adopted, interest under the covered bonds until the date of sale of the assets is paid from the assets in the separate bankruptcy asset pool.

If the proceeds from the sale of assets in the separate bankruptcy asset pool reduced by the interest under the outstanding covered bonds payable in the next six months and the amount of claims of holders of the covered bonds which became due before the date of declaration of bankruptcy and which were not paid before that date, are at least five per cent. of the principal amount of the outstanding covered bonds, the claims of the holders of the covered bonds may be satisfied pro rata before the extended maturity date. These proceeds will be paid to the holders of the covered bonds on the next interest payment date, but not earlier than two months after the day of submission of the receiver's report or 14 days after the day on which the decision of the judge-commissioner on the reimbursement to the bankruptcy estate of the amount incurred for an expense that was denied recognition becomes final and binding, if the judge-commissioner issued such a decision.

If the results of the coverage test are positive and the results of the liquidity test are negative, the maturity date of the covered bonds, including the covered bonds which became due before the date of declaration of bankruptcy, is extended to the date falling three years after the latest maturity date of a mortgage bank's receivables in the cover pool. If there is an excess in proceeds under the loans received by the bank, after deducting interest payable in the next six months and the costs of bankruptcy proceedings of at least 5 per cent. of the principal amount of the outstanding covered bonds, the holders of the covered bonds will receive payments under the covered bonds before the extended maturity date. These payments will be made pro rata on the next interest payment date, but not earlier than two months after the day of submission of the receiver's report or 14 days after the day on which the decision of the judge-commissioner on the reimbursement to the bankruptcy estate of the amount incurred for an expense that was denied recognition becomes final and binding if the judge-commissioner issued such a decision.

A meeting of the holders of the covered bonds may, within three months from the date of announcing the results of the tests, adopt a resolution on disapplying the extension of the maturity date or on the sale of the assets in the cover pool. The assets in the cover pool may be sold to another bank which is not a mortgage bank without transferring to the purchaser the obligations of the bankrupt bank under the covered bonds. The assets in the cover pool, the possession of which is not restricted to banks, may also be sold to an entity which is not a bank.

If the results of the coverage test are negative, the maturity date of the covered bonds, including the covered bonds which became due before the date of declaration of bankruptcy, is extended to the date falling three years after the latest maturity date of a mortgage bank's receivable in the cover pool. If there is an excess in proceeds under the loans received by the bank, after deducting interest payable in the next six months and the costs of bankruptcy proceedings, of at least 5 per cent. of the principal amount of the outstanding covered bonds, the holders of the covered bonds will receive payments under the covered bonds before the extended maturity date. These payments will be made on the next interest payment date, but not earlier than 14 days after the day on which the decision of the judge-commissioner approving the receiver's report on the progress of the bankruptcy proceedings becomes final and binding.

A meeting of the holders of the covered bonds may, however, adopt a resolution on disapplication of the extension of the maturity date or on sale of the assets in the cover pool. The assets in the cover pool may be sold to another bank which is not a mortgage bank without transferring to the purchaser the obligations of the bankrupt bank under the covered bonds. The assets in the cover pool, the possession of which is not restricted to banks, may also be sold to an entity which is not a bank.

The order of priority of satisfaction of claims from the separate bankruptcy asset pool is as follows:

- costs of liquidating the separate bankruptcy asset pool which include the trustee's fee, interest and other ancillary payments under the covered bonds and from periodic interest payments made under derivative contracts; and
- claims on covered bonds at their nominal value and claims on derivative contracts.

If the separate bankruptcy asset pool is not sufficient to satisfy the claims of the holders of the covered bonds, these claims will be satisfied from the general bankruptcy estate. The funds from the general bankruptcy estate designated for satisfying the claims of the holders of the covered bonds will be transferred to the separate bankruptcy asset pool.”

**11. *No Significant or Material Change***

The paragraph “**Significant or Material Change**” on page 111 of the Base Prospectus shall be deemed to be replaced with the following paragraph:

“There has been no material adverse change in the prospects of the Bank since 31 December 2021 and there has been no significant change in the financial position and financial performance of the Bank since 30 June 2022, except as disclosed in Note 37 to 2022 H1 Financial Statements.”

**12. *Auditors***

On the page 111 of the Base Prospectus, the under the heading “*Auditors*” shall be replaced with the following wording:

**“Auditors**

The Bank's financial statements for the financial year ended 31 December 2021, prepared in accordance with International Financial Reporting Standards as adopted by the European Union have been audited by Agnieszka Accordi, a certified auditor registered under No. 11665 in the register held by the National Council of Statutory Auditors, acting on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa, an entity entered on the list of audit firms held by the Polish Agency for Audit Oversight under no. 144. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa issued an unqualified audit report on such financial statements of the Bank.

The Bank's financial statements for the financial year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union have been audited by Agnieszka Accordi, a certified auditor registered under No. 11665 in the register held by the National Council of Statutory Auditors, acting on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa, an entity entered on the list of audit firms held by the Polish Agency for Audit Oversight under no. 144. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa issued an unqualified audit report on such financial statements of the Bank.

The Bank’s condensed interim financial statements for the six-month period ended 30 June 2022, prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as endorsed by the European Union, have been reviewed by Agnieszka Accordi, a certified auditor registered under No. 11665 in the register held by the National Council of Statutory Auditors, acting on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa, an entity entered on the list of audit firms held by the Polish Agency for Audit Oversight under no. 144. With respect to the condensed interim consolidated financial statements for the six-month period ended 30 June 2022, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa, independent auditors, have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.”

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.