PKO Bank Hipoteczny Spółka Akcyjna

(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*)

Under this EUR 4,000,000,000 Programme (the "**Programme**"), PKO Bank Hipoteczny Spółka Akcyjna, with its registered offices at ul. Puławska 15, 02-515 Warsaw, Poland (the "**Bank**") may from time to time issue mortgage covered bonds (*hipoteczne listy zastawne*) (the "**Covered Bonds**"). The Covered Bonds will be issued in bearer form. The PLN Covered Bonds (as defined below) will be issued in dematerialised form.

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed EUR 4,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement), subject to increase as described herein.

The Covered Bonds may be issued on a continuing basis to one or more of the Dealers specified under "General Description of the Programme" and to any additional Dealer appointed under the Programme from time to time by the Bank (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Covered Bonds.

An investment in the Covered Bonds involves certain risks. For a discussion of these risks, see "Risk Factors" beginning on page 5 of this Base Prospectus.

This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") of the Grand Duchy of Luxembourg ("**Luxembourg**") in its capacity as competent authority (the "**Competent Authority**") under Article 31 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended, the "**Prospectus Regulation**"). The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Bank or of the quality of the Covered Bonds that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds. Article 6(4) of the Luxembourg Prospectus Law (*loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*) provides that, by approving this Base Prospectus, in accordance with Article 20 of the Prospectus Regulation, the CSSF does not engage in any economic or financial opportunity of the operations or activities or the quality and solvency of the Bank. Application has been made to list Covered Bonds on the Official List of the Luxembourg Stock Exchange and/or on the Warsaw Stock Exchange and to trade the Covered Bonds on the regulated market of the Luxembourg Stock Exchange and/or the regulated market of the Warsaw Stock Exchange. The regulated market of the Luxembourg Stock Exchange and the regulated market of the Warsaw Stock Exchange are regulated markets for the purposes of the Directive 2014/65/EU of the European Parliament and of the Council of May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/U (as amended, "**MiFID II**").

The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) in the European Economic Area (the "**EEA**") or markets as may be agreed between the Bank and the relevant Dealer. The Bank may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any market.

In order to be able to conduct a listing in relation to certain issuances of Covered Bonds and/or to list certain Covered Bonds on a Regulated Market of the Warsaw Stock Exchange, the Bank applied for a notification of this Base Prospectus pursuant to Article 25 of the Prospectus Regulation into the Republic of Poland ("**Poland**"). The Bank may request the CSSF to provide competent authorities in additional host Member States within the European Economic Area with a notification.

This Base Prospectus is valid for 12 months from its date. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

Moody's Investors Service Cyprus Ltd ("**Moody's**") is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended) (the "**CRA Regulation**"). Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. Moody's is not established in the United Kingdom ("**UK**") and has not applied for registration under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**"). The rating(s) issued by Moody's will be endorsed by Moody's Investors Service Limited. Moody's Investors Service Limited is established in the UK and registered under the UK CRA Regulation. As such, the rating(s) of Moody's may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

The Covered Bonds issued under the Programme are expected to be assigned a rating by Moody's. However, the Bank may also issue Covered Bonds which are unrated or rated by another rating agency. Where a Tranche of Covered Bonds is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to other Tranches of Covered Bonds. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Interest amounts payable under the Floating Rate Covered Bonds may be calculated by reference to EURIBOR or WIBOR, as specified in the relevant Final Terms. As of the date of this Base Prospectus, the administrators of EURIBOR or WIBOR are included in the ESMA's register of administrators under Article 36 of Regulation (EU) 2016/1011 (the "**EU Benchmark Regulation**"). The regulatory status of any administrator under the EU Benchmark Regulation is a matter of public record and, save as required by the applicable law, the Bank does not intend to provide any updates or prepare any supplement to reflect any changes in the regulatory status of any administrator.

The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities laws, and are subject to U.S. tax law requirements. The Covered Bonds issued under the Programme will be offered and sold outside the United States to, or for the account or benefit of, non-U.S. persons in reliance on Regulation S under the Securities Act ("**Regulation S**") in compliance with applicable securities laws.

Arranger and Dealer

PKO Bank Polski

This Base Prospectus and any supplement hereto will be published in electronic form on the website of the Luxembourg Stock Exchange under www.luxse.com and will be available free of charge at the specified offices of the Bank and will be published in electronic form on the website of the Bank under www.pkobh.pl.

The date of this Base Prospectus is 6 June 2025 and it remains valid for 12 months from its date, i.e., until 6 June 2026.

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IMPORTANT NOTICE

This document constitutes the base prospectus of PKO Bank Hipoteczny Spółka Akcyjna (the "**Bank**") in respect of Covered Bonds (the "**Base Prospectus**"). This Base Prospectus constitutes a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

This Base Prospectus should be read and understood in conjunction with any supplement thereto and with all the documents incorporated herein by reference (see "*Documents Incorporated by Reference*" below). Full information on the Bank and any Tranche of Covered Bonds is only available on the basis of the combination of this Base Prospectus, including any supplements thereto, and relevant final terms (the "**Final Terms**").

The Bank is solely responsible for the information in this Base Prospectus and the Final Terms for the Covered Bonds issued under Programme from time to time. The Bank hereby declares that, to the best of its knowledge, the information contained in this Base Prospectus for which it is responsible, is in accordance with the facts and contains no omission likely to affect its import.

This Base Prospectus contains selected macroeconomic, industry and statistical data as well as data relating to the PKO BP group (the "**Group**") which has been derived from publicly available sources, including official industry sources and other third-party sources, such as financial statements of the Group which do not form part of this Base Prospectus. Such information, data and statistics have been accurately reproduced and, as far as the Bank is aware and is able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information, data and statistics may be based on a number of assumptions and estimates and may be subject to rounding.

The requirement to publish a prospectus under Prospectus Regulation only applies to the Covered Bonds, which are to be admitted to trading on a regulated market in the EEA.

Neither Powszechna Kasa Oszczędności Bank Polski S.A. ("**PKO BP**", the "**Arranger**" and together with any further financial institution appointed as a dealer under the Programme Agreement, the "**Dealers**"), nor any other Dealer nor any other person mentioned in this Base Prospectus, excluding the Bank, is responsible for the information contained in this Base Prospectus or any supplement thereof, or any Final Terms or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accept any responsibility for the accuracy and completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Bank in connection with the Programme. No representation, warranty, or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Bank in connection with the Programme.

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

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained herein concerning the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the other Dealers expressly do not undertake to review the financial condition or affairs of the Bank during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Covered Bonds.

Restrictions on Distribution

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

This Base Prospectus has been prepared on the basis that any offer of Covered Bonds in any Member State of the European Economic Area (each a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly any person making or intending to make an offer in that Relevant Member State of Covered Bonds which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Covered Bonds may only do so in circumstances in which no obligation arises for the Bank, the Arranger or any other Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Bank nor the Arranger nor any other Dealer has authorised, nor do they authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Bank, the Arranger or any other Dealer to publish or supplement this Base Prospectus for such offer.

The Covered Bonds have not been and will not be registered under the Securities Act or any state securities laws and are subject to U.S. tax law requirements. The Covered Bonds issued under the Programme will be offered and sold outside the United States to, or for the account or benefit of, non-U.S. persons in reliance on Regulation S under the Securities Act in compliance with applicable securities laws.

General investment considerations

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

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement to this Base Prospectus;

(ii) has access to, and knowledge of, the appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Covered Bonds and is familiar with the behaviour of any relevant indices and financial markets;

(v) understands that an investment in the Covered Bonds involves a reliance on the creditworthiness of the Bank only and not that of any other entities; and

(vi) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

All references in this Base Prospectus to *"PLN"* and *"Zloty"* refer to Polish zloty, all references to *"Sterling"* and *"£"* refer to pounds sterling, all references to *"euro"*, *"EUR"* and *"€"* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time, and all references to *"Swiss Francs"* and *"CHF"* refer to the currency of Switzerland.

As at 4 June 2025, the EUR/PLN spot exchange rate published by the National Bank of Poland was EUR 1.00 = PLN 4.2778.

Certain figures in this Base Prospectus have been subject to rounding adjustments. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the figures which precede them.

The term "*mortgage covered bond*" as used herein corresponds to the use of the term "*hipoteczny list zastawny*" as used in Polish legislation. Covered Bonds (as so capitalised) mean mortgage covered bonds in bearer form.

Stabilisation

In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds.

Any such stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all relevant requirements applicable to such actions in the jurisdictions where such actions are effected (including rules and other regulatory requirements governing any stock exchange where such covered bonds are listed).

Important – EEA Retail Investors

If the Final Terms in respect of any Covered Bonds includes a legend entitled "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 ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 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 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.

Important – UK Retail Investors

If the Final Terms in respect of any Covered Bonds includes a legend entitled "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 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 EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law 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 / target market

The Final Terms in respect of any Covered Bonds may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate, and may outline further details in connections therewith. Any person subsequently offering, selling or recommending the Covered Bonds (a "distributor") should take into consideration the target market assessment;

however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

UK MiFIR product governance / target market

The Final Terms in respect of any Covered Bonds will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a distributor) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

Forward-Looking Statements

This Base Prospectus includes "forward-looking statements". All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the Bank's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Bank, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Bank's present and future business strategies and the environment in which the Bank will operate in the future. Important factors that could cause the Bank's actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, those discussed in the section entitled "*Risk Factors*". These forward-looking statements speak only as at the date of this Base Prospectus or as at such earlier date at which such statements are expressed to be given. Subject to any continuing disclosure obligation under applicable law (including, without limitation, the obligation to prepare a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation), the Bank expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Bank's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

GENERAL DESCRIPTION OF THE PROGRAMME

This section "General Description of the Programme" must be read as an introduction to this Base Prospectus and any decision to invest in any Covered Bonds should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. The following is qualified in its entirety by the remainder of this Base Prospectus.

Words and expressions defined in "*Form of the Covered Bonds*" and "*Terms and Conditions of the Covered Bonds*" shall have the same meanings in this description.

Issuer:	PKO Bank Hipoteczny Spółka Akcyjna.
Issuer Legal Entity Identifier (LEI):	259400ALN6AM4REPEA16
Description:	Programme for the issuance of Covered Bonds (*hipoteczne listy zastawne*).
Arranger:	Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna.
Dealers:	Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna and any other Dealers appointed in accordance with the Programme Agreement.
Risk Factors:	There are certain factors that may affect the Bank's ability to fulfil its obligations under Covered Bonds issued under the Programme. These are set out under "*Risk Factors*". In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Covered Bonds and certain market risks.
Certain Restrictions:	Each issue of Covered Bonds in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Base Prospectus. **Covered Bonds having a maturity of less than one year** Covered Bonds having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (FSMA) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*". Money market instruments having a maturity at issue of less than 12 months will not be issued under this Base Prospectus.
Principal Paying Agent (with regard to the Covered Bonds other than the PLN Covered Bonds):	Société Générale Luxembourg.
Polish Paying Agent (with regard to the PLN Covered Bonds):	Powszechna Kasa Oszczędności Bank Polski S.A.
Programme Size:	EUR 4,000,000,000 (or its equivalent in other currencies calculated as described under "*General Description of the Programme*") outstanding at any time. The Bank may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis and subject to certain restrictions, as described under "*Subscription and Sale*".
Series and Tranches:	Covered Bonds will be issued on a continuous basis in Tranches with no minimum issue size, each Tranche consisting of Covered Bonds which are identical in all respects. One or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, but having different issue dates, interest

	commencement dates, issue prices and dates for first interest payments may form a series ("**Series**") of Covered Bonds. Further Covered Bonds may be issued as part of an existing Series. The specific terms of each Tranche will be set forth in the applicable Final Terms.
Currencies:	Subject to any applicable legal or regulatory restrictions, EUR or PLN.
Maturities:	Such maturities as may be agreed between the Bank and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Bank or the relevant Specified Currency.
Issue Price:	Covered Bonds may be issued only on a fully paid basis and at an issue price which is at their nominal amount or at a discount to, or premium over, their nominal amount.
Form of Covered Bonds:	The Covered Bonds will be issued in bearer form as described in "*Form of the Covered Bonds*".
Fixed Rate Covered Bonds:	Fixed interest will be payable on such date or dates as may be agreed between the Bank and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Bank and the relevant Dealer.
Floating Rate Covered Bonds:	Floating Rate Covered Bonds will bear interest at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating either the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series), or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (as published by ISDA as at the Issue Date of the first Tranche of the Covered Bonds of the relevant Series) as specified in the applicable Final Terms; or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Bank and the relevant Dealer. The margin (if any) relating to such floating rate will be agreed between the Bank and the relevant Dealer for each Series of Floating Rate Covered Bonds. Floating Rate Covered Bonds may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Covered Bonds in respect of each Interest Period (as defined in the Final Terms), as agreed prior to issue by the Bank and the relevant Dealer, will be payable on such Interest Payment Dates (as defined in the Final Terms), and will be calculated on the basis of such Day Count Fraction (as defined in the Final Terms), as may be agreed between the Bank and the relevant Dealer.
Zero Coupon Covered Bonds:	Zero Coupon Covered Bonds will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	The Covered Bonds Holders are not entitled to request redemption of the Covered Bonds prior to the Maturity Date. 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.

Unless previously redeemed or purchased and cancelled and subject to Condition 5(c) "*Redemption of the Covered Bonds in the event of the Bank's Bankruptcy and appointment of a Trustee*", each Covered Bond will be redeemed by the Bank at 100 per cent. of its nominal value on its scheduled maturity date.

Covered Bonds having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions*".

Extended maturity in the event of the Bank's bankruptcy:

Upon a Bankruptcy Event of the Bank (as defined in Condition 5(c) of the Conditions), the maturity of all outstanding covered bonds issued by the Bank, including the Covered Bonds, will automatically be extended by 12 months (the "**Extended Maturity Date**"). While interest under all of the Bank's covered bonds (including the Covered Bonds) will continue to be payable in the manner and on the dates indicated in the Terms and Conditions of the Covered Bonds and the applicable Final Terms, a Bankruptcy Event may affect the timing and amount of principal to be paid to Covered Bond Holders.

On the date of the Bankruptcy Event, the bankruptcy court appoints a bankruptcy receiver (*syndyk*) who will assume responsibility for the administration of the Bank's assets. Within three months of the Bankruptcy Event, the bankruptcy receiver must conduct, in accordance with the Bankruptcy Law:

- a coverage test (*test równowagi pokrycia*) to determine whether the assets forming the separate bankruptcy asset pool (*osobna masa upadłości*) of the Bank are sufficient to satisfy all of the Bank's obligations towards holders of the outstanding covered bonds (including the Covered Bonds) issued by the Bank; and
- a liquidity test (*test płynności*) to determine whether the assets forming the separate bankruptcy asset pool of the Bank are sufficient to satisfy all of the Bank's obligations towards holders of the outstanding covered bonds issued by the Bank in full taking into account the Extended Maturity Dates of the outstanding covered bonds (including the Covered Bonds) issued by the Bank.

If the results of both the coverage test and the liquidity test are positive, the claims of the Holders of the Covered Bonds for the repayment of principal are to be fulfilled in accordance with the Terms and Conditions of the Covered Bonds and the applicable Final Terms up to the Extended Maturity Date.

If the result of the coverage test is positive but the result of the liquidity test is negative, or if the result of the coverage test is negative, the maturity of the Covered Bonds will be extended by three years from the latest maturity date of a receivable in the cover pool.

In certain circumstances provided by Polish law, the claims of the Holders of the Covered Bonds for the payment of principal may be satisfied sooner than the applicable extended maturity dates pursuant to pass-through procedures from the receivables in the cover pool.

In addition, the holders of all outstanding covered bonds issued by the Bank may, by a vote of holders representing two-thirds of the aggregate principal amount of all outstanding covered bonds of the Bank, adopt resolutions requesting the bankruptcy receiver to sell the cover pool (Condition 5(c) "*Redemption of the Covered Bonds in the event of the Bank's Bankruptcy and appointment of a Trustee*").

Other circumstances may affect the timing and amount of principal to be paid to Covered Bond Holders. For further details see Condition 5(c) "*Redemption of the Covered Bonds in the event of the Bank's Bankruptcy and appointment of a Trustee*" of the terms and conditions of the Covered Bonds.

Compulsory write-down or conversion (bail-in):	Pursuant to the provisions of the Polish Act on Bank Guarantee Fund, Deposit Guarantee Scheme and Compulsory Restructuring dated 10 June 2016 (as further amended) (*ustawa z dnia 10 czerwca 2016 r. o Bankowym Funduszu Gwarancyjnym, systemie gwarantowania depozytów oraz przymusowej restrukturyzacji (z późniejszymi zmianami)*) (the "**Resolution Act**"), secured liabilities comprising a separate and secured cover pool, such as the obligations of the Bank under the Covered Bonds, shall not be subject to compulsory write-down or conversion into equity up to the amount which is fully covered. It means, however, that such compulsory write-down or conversion to equity may apply to such obligations of the Bank under the Covered Bonds, but only to the extent the value of the Cover Pool is not sufficient to satisfy all claims under such Covered Bonds.
Denomination of Covered Bonds:	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).
Taxation:	All payments in respect of the Covered Bonds will be made without deduction for or on account of withholding taxes imposed by a Tax Jurisdiction, subject as provided in Condition 6 "*Taxation*" of the Terms and Conditions of the Covered Bonds unless such deduction is required by law. In the event that any such deduction is made, the Bank will, save in certain limited circumstances provided in Condition 6 "*Taxation*" of the Terms and Conditions of the Covered Bonds be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The Terms and Conditions of the Covered Bonds will not contain a negative pledge provision.
Cross Default:	The Terms and Conditions of the Covered Bonds will not contain a cross- default provision.
Status of the Covered Bonds:	The Covered Bonds are direct, unconditional, unsubordinated obligations of the Bank and rank *pari passu* among themselves. The Covered Bonds are covered in accordance with the Polish Covered Bonds Act and rank *pari passu* with all other covered and unsubordinated present and future obligations of the Bank which have the same status as the Covered Bonds under the Polish Covered Bonds Act.
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 "European Covered Bonds (Premium)" (*europejskie listy zastawne (premium) or europejskie obligacje zabezpieczone (premium)*) in the relevant Final Terms.
Subordination:	Covered Bonds may not be issued on a subordinated basis.
Rating:	Covered Bonds issued under the Programme may be rated or unrated. Where a Series of Covered Bonds is rated, such rating will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. See "*Information relating to Ratings*" below.
Listing and admission to trading:	Application will be made to list Covered Bonds issued under the Programme on the Official List of the Luxembourg Stock Exchange and/or the Warsaw Stock

	Exchange and to admit to trading the Covered Bonds on the Regulated Market of the Luxembourg Stock Exchange and/or on the Regulated Market of the Warsaw Stock Exchange. Each of the Luxembourg Stock Exchange's Regulated Market and the Warsaw Stock Exchange's Regulated Market is a regulated market for the purposes of the Market and Financial Instruments Directive 2014/65/EU. The Programme provides that Covered Bonds may be listed on further stock exchanges, as may be agreed between the Bank and the relevant Dealer(s) in relation to each Series, as specified in the relevant Final Terms. Covered Bonds that are neither listed nor admitted to trading on any market may also be issued under the Programme. The applicable Final Terms will state whether or not the Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.
Clearing:	The Covered Bonds have been accepted for clearance through Euroclear, Clearstream, Luxembourg and any other clearing system as may be specified in the relevant Final Terms. The Covered Bonds designated in the applicable Final Terms as "PLN Covered Bonds" (the "**PLN Covered Bonds**") which are denominated in PLN will be accepted for clearance in the depository system maintained by the Polish National Depository for Securities (*Krajowy Depozyt Papierów Wartościowych S.A.*; the "**NDS**") as a primary depository. To the extent available with respect to the PLN Covered Bonds, the Common Code and the International Securities Identification Number (ISIN) of each Series of the Covered Bonds will be set out in the relevant Final Terms, as more fully described under "*Form of the Covered Bonds*". If in the relevant Final Terms concerning the PLN Covered Bonds the Common Code, the International Securities Identification Number (ISIN), CFI and/or FISN are designated as "Not applicable ", it means that this information will be available following the registration of the PLN Covered Bonds in the depository system operated by the NDS, as described under "*Form of the Covered Bonds*".
Payments:	Payments on Global Covered Bonds will be made to Euroclear or Clearstream, Luxembourg, as relevant, or to its order for credit to the relevant accountholders of Euroclear or Clearstream, Luxembourg. The Bank will be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg, as relevant, and each Holder of Covered Bonds represented by a Global Covered Bond held through Euroclear or Clearstream, Luxembourg must look solely to Euroclear or Clearstream, Luxembourg for its share of any payments so made by the Bank. Payments on the PLN Covered Bonds will be made through the NDS in accordance with the applicable NDS Rules.
Notification:	In order to be able to list certain Covered Bonds on the Regulated Market of the Warsaw Stock Exchange, the Bank applied initially for a notification of this Base Prospectus pursuant to Article 25 of the Prospectus Regulation into Poland.
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. 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 arising out of or in connection with the Covered Bonds. The Polish courts shall have exclusive jurisdiction over lost or destroyed Covered Bonds.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of Covered Bonds in the United States, the European Economic Area, the United Kingdom, Italy, Belgium and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Covered Bonds (see "*Subscription and Sale*").
United States Selling Restrictions:	The Covered Bonds have not been and will not be registered under the Securities Act or any state securities laws and are subject to U.S. tax law requirements. Covered Bonds issued under the Programme will be offered and sold outside the United States to, or for the account or benefit of, non-U.S. persons in reliance on Regulation S in compliance with applicable securities laws.

	The Covered Bonds will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulations section, including, without limitation, successor regulations issued in accordance with IRS Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) ("**TEFRA D**") or 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulations section, including, without limitation, successor regulations issued in accordance with IRS Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) ("**TEFRA C**"), unless the Covered Bonds are issued in circumstances in which the Covered Bonds will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.
Representation of the Holders of the Covered Bonds:	The Terms and Condition provide the meeting of the Covered Bond Holders that may consider any matter affecting their interests under the Covered Bonds, including the sanctioning by a resolution of a modification of the Conditions. For further details, see Condition 12 *"Meetings of covered bond holders modification, waiver and substitution"* of the Terms and Conditions of the Covered Bonds.

Calculating the PLN equivalent of the Aggregate Nominal Amount

For the purpose of calculating the PLN equivalent of the aggregate nominal amount of Covered Bonds issued under the Programme from time to time:

(i) the PLN equivalent of Covered Bonds denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the Covered Bonds, described under "*Form of the Covered Bonds*") shall be determined, at the discretion of the Bank, either as of the date on which agreement is reached for the issue of Covered Bonds or on the preceding day on which commercial banks and foreign exchange markets are open for business in Warsaw, in each case on the basis of the spot rate for the sale of the PLN against the purchase of such Specified Currency in accordance with the NBP's exchange rate applicable on the relevant day of calculation; and

(ii) the PLN equivalent of Zero Coupon Covered Bonds (as specified in the applicable Final Terms in relation to the Covered Bonds, described under "*Form of the Covered Bonds*") and other Covered Bonds issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Bank for the relevant issue.

Issuing and Principal Paying Agent, Calculation Agents, Luxembourg Listing Agent, the Polish Issue Agent and the Polish Paying Agent

The Programme provides for the following initial agents:

Issuing and Principal Paying Agent:	Société Générale Luxembourg
Calculation Agent (with regard to the Covered Bonds other than the PLN Covered Bonds):	Société Générale Luxembourg
Luxembourg Listing Agent:	Société Générale Luxembourg
Polish Issue Agent (*agent emisji*) (applicable to the PLN Covered Bonds only):	Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie
Polish Paying Agent (applicable to the PLN Covered Bonds only):	PKO BP
Calculation Agent (with regard to the PLN Covered Bonds):	PKO BP

The Bank may change or terminate the appointment of the agents and may appoint other or additional agents.

Information relating to Ratings

Tranches of Covered Bonds issued under the Programme may be rated or unrated. The ratings assigned to the Tranches of Covered Bonds will be disclosed in the relevant Final Terms within the item "*Rating*".

The risk pertaining to the Bank is described by ratings assigned to the Bank and which may be subject to change over the course of time. Investors should nevertheless keep in mind that a rating does not constitute a recommendation to purchase, sell or hold debt securities issued by the Bank.

Moreover, the ratings assigned by the rating agencies may at any time be suspended, downgraded or withdrawn. Any such suspension, downgrade or withdrawal of the rating assigned to the Bank may have a sustained adverse effect on the market price of the debt securities issued under this Base Prospectus.

Where a Tranche of Covered Bonds is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Covered Bonds will be: (1) issued or endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or by a credit rating agency which is certified under the CRA Regulation; and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation, will, in each case, be disclosed in the Final Terms. In general, European-regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation or (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. In general, UK-regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

The current ratings of the Bank may be found on the Bank's website at: www.pkobh.pl.

Prospectus

This Base Prospectus and any supplement(s) hereto will be published in electronic form on the website of the Luxembourg Stock Exchange at: www.luxse.com, and will be available free of charge at the specified offices of the Bank (at the request of potential investors) and will be published on the website of the Bank at: www.pkobh.pl.

Final Terms

In relation to Covered Bonds issued by the Bank which are listed on a Regulated Market on any stock exchange, the relevant Final Terms will be available on the website of the Bank at: www.pkobh.pl and will, if legally required, be published in any other form. Furthermore, in relation to Covered Bonds which are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, the relevant Final Terms will also be available on the website of the Luxembourg Stock Exchange at www.luxse.com.

Cover Pool Monitor

Monitoring of certain regulatory requirements by the Bank in respect of the Cover Pool maintained by the Bank relating to the Covered Bonds, is carried out by the independent Covered Pool Monitor and Deputy Covered Pool Monitor, appointed by the KNF (see "*The role of the cover pool monitor*").

RISK FACTORS

In purchasing the Covered Bonds, investors assume the risk that the Bank may become insolvent or otherwise be unable to make all payments due in respect of the Covered Bonds. There is a wide range of risks which individually or together could result in the Bank becoming unable to make all payments due. The Bank has identified in this Base Prospectus a number of risks which could materially adversely affect its business and ability to make payments due. Risks which are material for the purpose of assessing the market risks associated with the Covered Bonds are also described below. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

The risks below have been classified into the following categories:

Risks relating to the political, economic, operational and competitive environment of the Bank;

Risks relating to the Bank's operations;

Risks relating to the Bank's financial positions;

Risks relating to the regulatory and legal environment;

Risks relating to the Cover Pool; and

Risks relating to the Covered Bonds.

Risks relating to the political, economic, operational and competitive environment of the Bank

Risk related to Poland's economic, political and social conditions

The Bank conducts its operations only in Poland; therefore, macroeconomic factors relating to Poland, such as GDP, tariffs, inflation, interest and currency exchange rates, as well as unemployment, personal income the financial situation of companies and others, have a material impact on customer demand, loan impairment allowances and margins for the Bank's products and services, which materially affects the Bank's business, financial condition and results of operations.

The economic situation in Poland depends on a number of factors, including measures by which a government attempts to influence the economy, such as setting levels of taxation, government budgets, the money supply and interest rates as well as the labour market, the demographic situation in the country, macroeconomic conditions in the world and in Europe and the inflow of funds from the European Union.

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

On 24 February 2022 Russia invaded Ukraine and launched a full-scale military attack against Ukraine. Russian military forces entered Ukrainian territory and, as of the date of the Base Prospectus, occupy several cities and infrastructure sites in Ukraine. The war caused increased market volatility and may negatively affect the Polish economy. This may put an additional financial strain on the Bank's customers and affect their ability to perform their obligations towards the Bank. The war has also caused a number of Ukrainians to seek refuge in neighbouring countries. Three years after Russia's invasion of Ukraine, nearly 1 million Ukrainian citizens, mainly women and children, are currently benefiting from temporary protection in Poland. Ukrainians constitute the largest group of foreigners in Poland, accounting for 78% of all foreigners settling in the country. In April 2024, the Ukrainian government decided that male citizens of Ukraine aged 18 to 60, including those residing in Poland, can collect new Ukrainian passports only in the territory of Ukraine. This has caused speculation about potential exodus of some of the Ukrainians from Poland, which might have a negative impact on the Polish labour market.

The outbreak of the war, external pressures on the PLN, sharp increases in commodity prices and strong consumer demand caused the inflation to rise. The CPI inflation peaked in February 2023, at 18.4% y/y and since then has been declining at a modest pace. The average annual inflation in Poland was 3.6 per cent in 2024. This represented a significant deceleration from the 2023 average of 11.4 per cent and was primarily due to growth in administered energy prices for households. After the price hike in the middle of 2024, inflation started to decelerate. In March 2025, inflation was 4.9 per cent year-on-year. The primary factor behind the lower inflation as compared to 2023 is stabilisation of earlier supply shocks from the international commodities markets. However, this was offset by higher pressure on the core inflation indicator stemming from the tight labour market, including a low unemployment rate (2.6 per cent in January 2025, according to Eurostat). Nevertheless, inflation is expected to decelerate this year. The highest probability points at the CPI reaching the upper range of the NBP's target of 2.5 per cent +/-1 p.p. However, sustained high inflation may have a negative effect on the financial standing of the Group's customers, in particular individuals. The Bank's customers may not be able to satisfy

their obligations towards the Group which, in turn, may negatively affect the Bank's financial condition and its ability to perform its obligations under the Covered Bonds. More challenging macroeconomic conditions may also lead to a decreased customer demand for the Bank's products and services. Some of the Bank's customers may also experience difficulties in performing their obligations under loans granted by the Bank, which could cause an increase in the Bank's expected credit losses.

Risks related to the political and economic situation in Europe

The performance of the European markets and economies is currently facing heightened uncertainty especially due to the Russian invasion of Ukraine, increasing interest rates and inflation, as well as high prices of energy. Those factors may still have significant impact on the European markets in the coming years.

Moreover, there is a perception among certain investors that the economic or financial conditions of Central and Eastern European countries influence the economic or financial conditions of Poland, and that financial assets of Central and Eastern European countries may be treated as the same "asset class" by foreign investors. As a result, investors may reduce their investments in Polish financial assets due to deteriorating economic or financial conditions in other countries of Central and Eastern Europe, e.g., Ukraine. Specifically, the devaluation or depreciation of any of the currencies in Central and Eastern Europe could impair the strength of PLN. A depreciation of PLN against foreign currencies may make it more difficult for the Group's, including the Bank's customers to repay their obligations denominated in a foreign currency, which could also have a material adverse effect on the Bank's business, financial condition and results of operations. The financial problems faced by the Bank's customers could also adversely affect the Bank's business, financial condition and results of operations. Market turmoil and economic deterioration could adversely affect the respective liquidity, businesses and/or financial conditions of the Bank's borrowers, which could in turn impair the Bank's loan portfolio and other financial assets and result in decreased demand for the Bank's products. In an environment of significant market turmoil, economic deterioration and increasing unemployment, coupled with declining consumer spending, the value of assets collateralising the Bank's secured loans could also decline significantly.

On 2 April 2025 the United States of America (the "**USA**") imposed tariffs of at least 10 per cent. on goods imported to the USA. The purpose of these tariffs is to protect the domestic industry in the USA and reduce trade deficits between the USA and its trading partners. Although some of these tariffs have been suspended shortly after their announcement, the introduction of tariffs may have wide-ranging effects on the global economy. It may affect trade relations and disrupt supply chains as well as lead to increased volatility in the global financial markets. Given the interconnected nature of modern economy, any disturbances in the international markets may affect the condition of the Polish economy, including the financial situation of the Group, its customers and other stakeholders.

Adverse macroeconomic conditions or negative developments in the financial markets or legal and political environment could have an adverse effect on the Bank's business, financial condition and results of operations. No assurance can be given that such matters would not adversely affect the ability of the Bank to satisfy its obligations under the Covered Bonds and/or the market value and/or the liquidity of the Covered Bonds in the secondary market.

Significant decline of residential property prices may affect the Bank's financial standing

The repayment of mortgage loans advanced by the Bank is secured by residential property, which is exposed to the risk of losing value. Therefore, a significant decline in property prices may lead directly to a decrease in the value of security for loans advanced by the Bank. Furthermore, depreciation of property value may have an effect on the mortgage lending value of property calculated by the Bank, which may result in the Bank breaching statutory restrictions on its activities. All such developments may lead to a reduction of the scale of the Bank's operations and adversely affect the Bank's financial standing.

The Group is controlled by the State Treasury of the Republic of Poland

As at the date of this Base Prospectus, the State Treasury directly holds shares representing 29.43 per cent. of PKO BP's share capital. The State Treasury's stake in PKO BP's share capital and the provisions of PKO BP's constitutional documents which grant the State Treasury acting as a PKO BP shareholder certain privileges, give the State Treasury corporate control over PKO BP.

Accordingly, the Bank may be exposed to the effect of political changes on its operations, in particular on its ability to change the composition of the governing bodies, both at PKO BP and the Bank. Such changes may have an adverse effect on the assumptions and implementation of PKO BP and the Bank's strategies, as well as the day-to-day operations of the Bank. Additionally, the decisions taken by the State Treasury as a PKO BP's shareholder may conflict with the interests of other shareholders of PKO BP. This may also conflict with interests of holders of the covered bonds issued by the Bank. As a consequence, the decisions of PKO BP's controlling shareholder may adversely affect the Bank's financial performance and ability to perform its obligations under the Covered Bonds.

A credit rating downgrade may increase the Bank's financing costs

Credit ratings affect the cost and other terms upon which the Bank is able to obtain funding. A significant reduction in PKO BP's or the Bank's or the Covered Bonds' credit ratings could increase the costs associated with the Bank's interbank

and capital markets transactions and could adversely affect the Bank's liquidity and competitive position, undermine confidence in the Bank, increase its borrowing costs and adversely affect its interest margins. Furthermore, should the rating of the Bank be downgraded below investment grade, this could significantly impair the operating business of the Bank and the Bank's refinancing costs.

A downgrade in the rating of PKO BP or the Bank could increase the Bank's financing costs and could adversely affect the Bank's business, financial conditions and results of operations. Any negative change or withdrawal of the credit rating of the Covered Bonds may have an adverse effect on their value.

Growing competition in the Polish mortgage market may affect the Bank's profitability

The Bank operates in the Polish mortgage market, which is subject to growing competition resulting from such market's continuous development. As at the date of this Base Prospectus, there are five mortgage banks operating in Poland (i.e. the Bank, mBank Hipoteczny S.A., Pekao Bank Hipoteczny S.A., ING Bank Hipoteczny S.A. and Millennium Bank Hipoteczny S.A.). Competition in the covered bonds market, both from Polish and international issuers, may have a negative impact on the value of covered bond issuances planned by the Bank and thus on the Bank's ability to finance its lending activity or the costs of such financing. Growing competition could adversely affect the Bank's financial performance and its ability to perform its obligations under the Covered Bonds.

Properties securing mortgage loans are exposed to catastrophes and natural disasters

The properties which are mortgaged in the Bank's favour are insured in accordance with the market practice. It is possible that such insurance may not cover all risks to which a property is exposed. Properties on which loans advanced by the Bank are secured may be destroyed or significantly damaged as a result of natural disasters, such as floods, hurricanes, tornadoes, hailstorms and fires. The frequency and intensity of such phenomena are difficult to predict. Moreover, the growing weather and climate variability observed in recent years creates additional uncertainty over the future occurrence of such disasters. A natural disaster can result in a lower value of property and thus the value of security established for the Bank's benefit, especially if a property is not covered by a valid insurance policy or if bringing the property back to its pre-disaster condition is impossible. In consequence, such natural disasters could adversely affect the Bank's financial standing and ability to perform its obligations under the Covered Bonds.

Risk of unpredictable events

Unpredictable events such as terrorist attacks, cyber attacks, military actions and epidemics can disrupt the Bank's operations and cause significant losses relating to immovable and movable property, financial assets and key personnel. Unpredictable events can also generate additional operating expenses, such as higher insurance premiums. They can also prevent the Bank from obtaining insurance coverage with respect to certain risks. In consequence, they may adversely affect the Bank's financial standing and ability to perform its obligations under the Covered Bonds.

Risks relating to the Bank's operations

Borrowers may fail to duly perform their obligations under the mortgage loans

The Bank is exposed to potential credit-related losses that can occur as a result of borrowers being unable or unwilling to honour their contractual obligations.

Various factors can influence mortgage delinquency rates, prepayment rates, foreclosure and eviction frequency and the ultimate payment of interest and principal, such as changes in market interest rates, foreign exchange rates, international, national or local economic conditions, regional economic or housing conditions, changes in tax laws, inflation or real estate property values, unemployment, the financial standing of borrowers, the availability of financing, yields on alternative investments, political developments and government policies, changes in the personal or financial condition of the borrowers or other, similar factors.

Decrease of the borrowers' ability to duly perform their obligations under the mortgage loans due to any of the factors specified above or increase in the delinquency rates and prepayment rates may have an adverse effect on the business and profitability of the Bank.

Proceeds from enforcement of mortgages may not satisfy the Bank's claims in full

When borrowers default on mortgage loans, enforcement actions can be taken in order to claim the collateral securing them. However, the Bank's credit risk may increase if the collateral it holds cannot be enforced or is enforced at a price lower than the full amount due and payable under the relevant mortgage loan.

If sale prices of residential real property in Poland substantially decline for any reason, the value of the Bank's security might be adversely affected and, in cases of foreclosure, the Bank may not be able to recover the entire amount of a loan if the borrower is unable to repay it. The Bank cannot guarantee that if the residential real estate market in Poland deteriorates significantly, the ability to enforce its security in a timely and effective manner would not deteriorate as well. This could have an adverse effect on the Bank's business, financial condition and the results of its operations.

The fair market value of real estate that is mortgaged as security for loans may be subject to fluctuations over time, caused in particular by changes in supply and demand, construction deficiencies and delays, land contamination and environmental hazards, leasing status (vacancies) or potential buyers and their financial resources, changes in the general legal framework such as tax treatment, and other factors that are beyond the control of the Bank (such as natural disasters, civil war and terrorist attacks). Such market developments and changes may reduce the value of real estate collateral. A decline in the value of collateral or the Bank's inability to obtain additional collateral may require the Bank to reclassify the relevant loans and/or set aside additional provisions for loan losses, and could result in increased provisions and/or capital requirements.

Any failure to recover the expected value of real estate collateral in enforcement proceedings may expose the Bank to losses, which may have an adverse effect on the Bank's business, results of operations and financial conditions.

Enforcement of mortgages is a lengthy and expensive process

Enforcement of a mortgage over a property can be a lengthy process and may require the creditor to incur substantial costs, especially in relation to foreclosure sales of property by court enforcement officers.

Additionally, the Act on Mortgage Credit and Supervision over Mortgage Credit Intermediaries and Agents dated 23 March 2017 (*ustawa z dnia 23 marca 2017 r. o kredycie hipotecznym oraz o nadzorze nad pośrednikami kredytu hipotecznego i agentami*, the "**Mortgage Credit Act**") introduced certain restrictions on the ability of banks to enforce mortgages over real estate.

Prolonged enforcement proceedings requiring significant expenditure can render it difficult for the Bank to recover in full the funds made available by the Bank to borrowers, which could adversely affect the Bank's financial performance and its ability to meet its obligations under the Covered Bonds.

The Bank is dependent on PKO BP

The Bank is 100% owned by PKO BP and is dependent on its parent company in a number of areas, including strategy, operations and risk management. The cooperation between Bank and PKO BP covers inter alia: (i) sales of mortgage loans to retail customers through PKO BP's sales network; (ii) post-sale services; (iii) sharing IT systems with PKO BP; and (iv) support in the application of the Group-wide tools, methodologies and risk models approved by the Bank's competent bodies for the purposes of risk assessment and control.

Should the Bank be required to increase share capital, PKO BP as a sole shareholder may be required to subscribe for new shares, which may lead to decision of scaling down the operations of the Bank to reduce PKO BP's capital contributions.

Moreover, the financial problems faced by the Group's, including the Bank's, customers could also adversely affect the Bank's business, financial condition and results of operations. Market turmoil and economic deterioration could adversely affect the respective liquidity, businesses and/or financial conditions of the Group's, including the Bank's borrowers, which could in turn impair the Group's, including the Bank's loan portfolio and other financial assets and result in reduced demand for the Group's, including the Bank's products.

Any negative future changes affecting PKO BP's operations, the financial situation of its customers, PKO BP's business model and IT systems, as well as any changes in how the PKO BP brand is perceived, may adversely affect the Bank's business, results of operations and financial condition and the Bank's ability to meet its obligations under the Covered Bonds.

The Bank may fail to meet its main objectives

The key business objective defined in the Bank's strategy is diversification of the Bank's and Group's funding sources by maintaining their ability to obtain long-term financing in the form of covered bonds. Any shifts in the market environment, particularly those with a significant negative impact on demand for covered bonds, may adversely affect the Bank's business, results of operations and financial condition. Given the nature of its business, the Bank will have a limited ability to seek alternative sources of funding should it fail to deliver its strategic objective regarding mortgage loans and covered bonds. Such failure to deliver its strategic objective could adversely affect the Bank's business, results of operations and financial condition and ability to meet its obligations under the Covered Bonds.

The Bank's risk management strategies may not be sufficient and expose it to unidentified or unanticipated risks

Although the Bank invests substantial time and effort in the development, implementation and monitoring of risk management strategies and techniques, it may nevertheless fail to adequately manage risks under certain circumstances, particularly when it is confronted with risks that it has not identified or anticipated before. The risk assessment methods and procedures applied by the Bank in the course of its operations, including in particular risk assessment models supporting the Bank's decision-making processes, may prove insufficient. If the measures to assess and mitigate risks are insufficient, the Bank may experience material unexpected losses.

The Bank is exposed to the risk of a counterparty defaulting on its obligations prior to maturity when the Bank has an outstanding claim against that counterparty, particularly in case where the collateral held by the Bank cannot be realised or is liquidated at prices sufficient to recover the full amount of the counterparty exposure.

Any of the aforementioned events may have a material adverse effect on the Bank's business, financial condition and results of operations.

The Bank faces litigation risk

The Bank may from time to time be subject to litigation, whether of a substantive or vexatious nature. Such litigation, if not dismissed at an early stage or if decided contrary to the Bank's best commercial interests, may have an adverse impact on the operations of the Bank. Furthermore, such cases may include claims or actions in which the petitioner or plaintiff has not specifically, or not in whole, quantified the penalties or damages sought. In these circumstances, it may, in particular, be difficult to predict the outcome of a dispute and estimate possible losses in a reliable manner and, therefore, to set aside adequate provisions for such possible losses. Furthermore, the Bank might also be subject to representative actions brought by prosecuting attorneys, empowered bodies or certain civil society organizations in relation to consumer agreements which are entered into pursuant to the Bank's standard forms of contract, where a court might, in certain circumstances, declare its judgement binding with respect to all agreements entered into on the relevant standard terms of the Bank if one or more of them is found unfair. In relation to agreements entered into on the standard terms of the Bank, there is also the risk that an action brought by a customer and/or a judgement rendered in favour of such customer, which would not, in isolation, affect the financial condition of the Bank, may encourage a large number of other customers with similar agreements to bring several actions simultaneously against the Bank. Should such actions be brought against the Bank and be adjudicated contrary to its commercial interest, the combined effect of such judgements together, as a whole, may have a negative effect on the operations of the Bank. In addition, the Bank may settle litigation prior to final judgements or determination of liability with a view to avoiding the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Bank believes that it has no liability. This might also be the case where the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Bank may, for similar reasons, reimburse counterparties for losses even when the Bank does not believe that it is legally compelled to do so.

In addition, mortgage loan agreements entered into before the Mortgage Credit Act entered into force are challenged due to inadequate definitions of the WIBOR rate and the lack of contingency plans in the mortgage loan agreements in the event of a material change or discontinuance of the WIBOR rate.

As at the date of this Base Prospectus, the Bank is a party to 59 court proceedings in which customers are challenging the provisions of mortgage loan agreements concerning the WIBOR rate. Borrowers' claims include, among others, invalidation of loan agreements, demands for repayment of part of the interest paid or other forms of compensation. It cannot be ruled out that the number of such proceedings will increase as case law develops and public and media interest in this issue grows.

Unfavourable rulings, especially in cases concerning WIBOR rates, may have a negative impact on the Bank's financial results, credibility or necessitate the creation of additional reserves.

Also, an increase in the reference rates in the past led to an increase of WIBOR, a benchmark which is the basis for determining the interest rate for the majority of floating rate loans denominated in PLN. This caused certain borrowers under such loans to try to challenge the loans in courts by requesting the courts to invalidate the loan agreements in whole or only in relation to the provisions concerning the calculation of interest. As of the date of this Base Prospectus, there is a final decision of the District Court in Poznań in which the court granted the consumer's request to remove WIBOR from the loan agreement for the duration of the lawsuit, which means that throughout the proceedings, the borrower is expected to pay instalments at an interest rate based solely on the bank's margin. In addition, in January 2024, the first judgment in Poland was issued in which the Regional Court in Suwałki declared the entire WIBOR-based loan agreement invalid. The court pointed, among others, to a lack of transparency in informing consumers about the risk and the imprecise nature of the reference rate setting mechanism. This ruling was widely reported in the media and was considered by some commentators to be potentially precedent-setting. Although it concerns a specific case, it may contribute to an increase in the number of lawsuits and intensify legal pressure on the banking sector. Nonetheless, the aforementioned decisions do not concern the Bank, and in general Polish courts have dismissed such lawsuits until now; however, those judgments are not final yet. If Polish courts decide that loan agreements referencing WIBOR have legal defects, a large number of borrowers under such loans may decide to challenge them in court. Importantly, in June 2025, the Court of Justice of the European Union ("**CJEU**") is expected to deliver its ruling in one of the cases concerning WIBOR-based loans, which does not involve the Bank. The CJEU's position may be crucial for the further development of case law in Poland and other EU countries, especially in the context of consumer protection and the assessment of the transparency of reference rates used by banks. If the results of the majority of the lawsuits are unfavourable for the Bank, the Bank's financial condition may materially deteriorate.

Any litigation is subject to many uncertainties, and the outcome is not predictable. Failure to manage these risks could adversely affect the Bank's operations and/or reputation.

Disruptions in the Bank's day-to-day operations might occur

The Bank is exposed to operational risks related to its operational activities and data security. There might be disruptions in the Bank's day-to-day operations which may even render the Bank temporarily unable to conduct its business. Such disruptions may be caused by a number of factors, including: IT system failures, software bugs, errors by the Bank's staff, crimes to which the Bank may fall victim (such as cyber-attacks and other security breaches), improper performance of tasks by the Bank's outsourcing partners, the Bank's internal procedures not being appropriate to its business, or incorrect processing of data or information received by the Bank in the course of its business. Any disruptions in the Bank's day-to-day operations may have an adverse effect on the Bank's financial standing and ability to perform its obligations under the Covered Bonds.

Risks relating to the Bank's financial positions

Changes in interest rates may affect the Bank's income

Interest rate risk originates primarily from the differences between the structure and/or levels of interest rates applicable in respect of the Bank's asset side and liability side respectively. For example, the Bank may fund its assets with fixed and/or relatively high interest rates, by liabilities obtained at floating and/or lower interest rates, and vice versa. Interest rate risk may also arise when interest rate fixing periods on assets and liabilities do not coincide.

As with all other banks, the Bank earns interest from loans and other assets, and pays interest to its creditors. Interest rates are highly sensitive to many factors beyond the Bank's control, including monetary policies and domestic and international economic and political conditions.

As with any bank, changes in market interest rates (including changes in the difference between prevailing short-term and long-term rates) and correlations between changes in interest rates in the reference markets and interest margins could affect the interest rates the Bank charges on its interest-earning assets compared with the interest rates it pays on its interest-bearing liabilities. This difference could reduce the Bank's net interest income.

As a consequence of its distinctive asset-liability structure as a mortgage bank, the Bank earns interest primarily from mortgage loans and pays interest mainly to the holders of covered bonds. An increase in interest rates may reduce the demand for mortgage loans and the Bank's ability to originate such loans. Conversely, a decrease in the general level of interest rates may adversely affect the Bank through increased prepayments on the Bank's mortgage loan portfolio. Changes in interest rates may also affect the Bank's ability to issue covered bonds.

A mismatch in interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material adverse effect on the financial condition and results of operations of the Bank.

The Bank has a special asset-liability structure

Since the Bank operates as a mortgage bank under stringent legal requirements (see "*Description of the Bank – Business overview of the Bank – Spheres of activity*"), it has a special asset-liability structure as compared with that generally characterising the Polish banking system. For example, just as other mortgage banks, the Bank cannot accept deposits. The Bank will primarily fund its mortgage lending business by issuing covered bonds. Mortgage loans have long-term maturities and provide for repayments in the form of instalments with principal amounts being subject to amortisation on a periodic basis. Covered bonds, on the other hand, are medium-term obligations of the Bank with bullet repayments. Consequently, financing mortgage loans through the issuance of covered bonds exposes the Bank to (funding) liquidity risks (besides interest rate risks) in particular arising from such maturity mismatches. To the extent that the volume of, or the Bank's ability to access on commercially reasonable terms and/or in a timely manner, the wholesale lending markets become constrained, the Bank may face funding gaps, in particular, in periods of turmoil or in the event of unexpected governmental interventions in the markets where it operates. Difficulties in refinancing may also cause the Bank to dispose of its assets at a loss, increase the rates paid on funding or limit its business activities. A lack of liquidity or refinancing opportunities may, *inter alia*, result in a limitation of business volume in the financing business, which may, in turn, lead to a reduction of the Bank's interest income and could adversely affect the Bank's business, financial position and results of operations.

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

In accordance with Polish law, the Bank is not able to unilaterally change the terms of granted loans and advances to individuals, including credit margins. As a result, the Bank is limited in its ability to change its credit portfolio margins through the generation of new mortgage loans and advances reflecting current credit margins in the market compared with universal banks operating on the Polish market, which have credit portfolios with a larger proportion of short-term loans.

As of 31 December 2024, the nominal value of loans registered in the collateral register of mortgage bonds and constituting collateral for the issue of mortgage bonds amounted to PLN 15,292.4 million, whereas the nominal value of additional

collateral in the form of PLN-denominated securities issued by the State Treasury denominated in PLN amounted to PLN 80 million; however, the value of the collateral fluctuates and could decrease.

This limited ability to re-price its loan portfolio as well as any decrease in value of collateral provided to the Bank or deterioration of residential real estate prices may adversely affect the business, financial condition and results of operations of the Bank.

Risks relating to the regulatory and legal environment

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

As of the Date of this Prospectus, following the decrease by 50 basis points in May 2025, the Polish main reference rate is 5.25 per cent. According to 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 the mortgage loans in the past.

To alleviate the effect that increased interest has on the financial condition of households, the Polish parliament adopted the Act on Crowdfunding and Supporting Borrowers of 7 July 2022 (in Polish: *Ustawa o finansowaniu społecznościowym dla przedsięwzięć gospodarczych i pomocy kredytobiorcom*, the "**Act on Supporting Borrowers**"), which came into force on 29 July 2022.

In response to the macroeconomic situation and the increase in household financial burdens, regulations were introduced in 2022–2024 allowing consumers to suspend mortgage repayments (so-called credit holidays) for borrowers with mortgage loans denominated in PLN. Although the availability of these solutions varied from year to year, their impact on the Bank's revenues and loan portfolio valuations was significant.

During the suspension period, the borrower was not required to make any payments due to the lender under the loan agreement (including interest, principal, and commissions), except for insurance premiums related to the loan agreement.

By the end of December 2024, 5,200 of the Issuer's customers had applied for the suspension of one or more mortgage loan installments, which represented 5.4% of the Issuer's total customer base and 8.3% of total loans. The realized loss on 2024 statutory loan holidays amounted to PLN 31.4 million.

The Act on Supporting Borrowers ceased to apply. However, it cannot be ruled out that the Polish government will decide to further extend the possibility of suspending of loan instalments repayments, which will make it necessary to estimate and recognize an additional adjustment and have a material adverse effect on the Bank's financial condition and results of operations. The suspension of payments under the mortgage loans may 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 introduced a procedure for replacing WIBOR with a new risk free reference rate (see risk factor *"The regulation and reform of "benchmarks" may adversely affect the value of Covered Bonds linked to or referencing such "benchmarks"*).

Effect of government policy and regulation and compliance risks

The Bank operates in a heavily regulated sector and is subject to compliance risks in several forms. The most eminent compliance risks identified relate to potential judicial or regulatory penalties resulting from non-compliance with applicable law, including AML/CTF and data protection regulations or from fraudulent activities. Frequent changes and unclear interpretation of such regulations may increase the probability of imposing of any sanctions, fines or penalties on the Bank. Any such sanctions, fines or penalties resulting from non-compliance of the Bank with applicable law may damage Bank's reputation and have an adverse effect on the business, financial condition and results of operations of the Bank.

The Bank is subject to financial services laws, regulations and banking supervision and it is widely expected that there may be a substantial increase in government regulation and the supervision of the financial industry. If any violation of such regulations is detected, this may lead to higher scrutiny by the supervising authority and therefore to an increase in administrative expenses. Furthermore, should orders or fines imposed on the Bank by supervisory authorities become publicly known, this may lead to a loss of confidence among clients and business partners which may also have a negative effect on the Bank's financial condition and results of operations.

Pursuant to the provisions of the Polish Act on 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*), members of a mandatory guarantee system are obliged to contribute to a deposit guarantee fund and a resolution fund. If an entity that is a member of the Polish Bank Guarantee Fund (*Bankowy Fundusz Gwarancyjny*) (the "**BFG**") is declared bankrupt, other members may be required to make additional one-off payments to cover the liabilities of such entity.

In addition, a Borrowers' Support Fund (*Fundusz Wsparcia Kredytobiorców*) was established pursuant to the Polish Act on the Support of Borrowers in Financial Difficulties who Have Taken Out a Housing Loan dated 9 October 2015 (*Ustawa z dnia 9 października 2015 r. o wsparciu kredytobiorców znajdujących się w trudnej sytuacji finansowej, którzy zaciągnęli kredyt mieszkaniowy*) in order to support residential borrowers in financial difficulties. This fund is intended to provide support to natural persons who are unemployed or who find themselves in difficult financial situations or who are required to repay housing loans which significantly encumber their household budgets. The Borrowers' Support Fund is funded predominantly from contributions made by lenders in proportion to their housing loan portfolio for households, for which the delay in repayment of principal or interest exceeds 90 days.

If the Bank is required to make substantial contributions to the BFG and the Borrowers' Support Fund, it may have a material adverse effect on the Bank's strategy, its growth potential and profit margins and, consequently, could have a material adverse effect on the Bank's business, financial condition and results of operations.

The Bank faces legal and regulatory risks from the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations to which it is subject. This is particularly the case in the current market environment, which is witnessing unprecedented levels of government intervention and changes to the regulatory framework for financial sector such as changes to the Polish pension system, introduction of the employee capital plans or changes in the securities law. This is coupled with a number of substantial changes to the current regulatory framework at global and EU levels, including, in particular, capital adequacy, liquidity requirements, financial supervision and bank resolution (as discussed in more detail below). All these matters have, in turn, significantly reduced legal certainty in the financial markets where the Bank operates. Due to the current volatile market environment, future changes to the regulatory framework of the financial sector are difficult to predict, and these changes might have an adverse effect on the Bank's business and/or increase its compliance costs.

The Bank may breach the regulatory requirements concerning the cover pool

The Bank, its cover pool and issuances of covered bonds by the Bank are subject to a number of regulatory restrictions. If the Bank does not originate or acquire a sufficient number of mortgage loans to replace the loans which were included in the cover pool, but were repaid, it is possible that the Bank will not satisfy the statutory overcollateralization requirements. It cannot be excluded that some of the loans in the cover pool might not satisfy all statutory criteria. In such case the Bank may need to replenish the assets in the cover pools in order to comply with the regulatory requirements concerning the cover pools which can be done through adding additional eligible loans or by supplying substitute liquid assets. Breach of regulatory requirements concerning the cover pool may also result in disciplinary action from the KNF, including fines, removal of board members and (in extreme circumstances) commencement of compulsory restructuring.

Risks relating to the Cover Pool

Holders of all mortgage covered bonds issued by the Bank and the counterparties to eligible derivative contracts share the same Cover Pool

The Bank maintains the Cover Pool for all mortgage covered bonds issued by the Bank, including the Covered Bonds. The Act on Covered Bonds and Mortgage Banks (*ustawa z dnia 29 sierpnia 1997 r. o listach zastawnych i bankach hipotecznych*, the "**Polish Covered Bonds Act**") does not permit the maintenance of a "variety of pools" for calculation, insolvency or other purposes under Polish law (for example, on an issue-by-issue or a programme-by-programme basis).

This means that holders of all mortgage covered bonds issued by the Bank, as well as counterparties to the eligible derivative contracts, have a claim against the same assets in the Cover Pool. This may have an adverse effect on the investment in the Covered Bonds and investors' return on the Covered Bonds.

Holders of the Covered Bonds will have limited information on loans in the cover pool

This Base Prospectus provides basic information on the loans in the cover pool as at 31 December 2024. The Bank announce on annual basis in "*Monitor Sądowy i Gospodarczy*" the aggregate amount of the Bank's receivables in the cover pool as of year end. Additionally, the Bank publishes periodically a cover pool report in accordance with Article 129, section 7 of the CRR. The Cover Pool Monitor supervises the proper maintenance of the cover pool register, but the results of this inspection are not publicly available. Therefore, it is possible that after the date of this Base Prospectus the composition of the cover pool will change and these changes may have an adverse effect on the Bank's financial position and ability to perform its obligations under the Covered Bonds.

Termination payments for swaps

If any of the interest rate swaps or the currency swaps are terminated, the Bank may as a result be obliged to make a termination payment to the relevant swap provider. The amount of the termination payment will be based on the cost of entering into a replacement interest rate swap or currency swap, as the case may be. Any termination payment to be made by the Bank to a swap provider of hedging instruments entered in the cover pool will rank *pari passu* with payments due to the holders of the Covered Bonds.

If the Bank fails to make timely payment of amounts due under the relevant swap and any applicable grace period expires, then the Bank will default under the relevant swap. If the Bank defaults under the relevant swap due to non-payment, the relevant swap provider will not be obliged to make any further payments under the relevant swap and may terminate that swap. In such circumstances, the Bank will be exposed to changes in interest rates or currency exchange rates and in the associated interest rates relating to such currencies as applicable. Unless a replacement swap is entered into, the Bank may have insufficient funds to make payments due on the Covered Bonds when payable.

The term of any interest rate swap or currency swap, as applicable, entered into by the Bank is unlikely to extend beyond the Extended Maturity Date of the Covered Bonds to which such swap relates. As such, if the relevant Covered Bonds are not redeemed in full by the applicable Extended Maturity Date, such interest rate swap or currency swap, as applicable, may be terminated and a termination payment may be due to the relevant swap provider. Consequently, holders of the Covered Bonds will be exposed to foreign currency exchange risk after the applicable Extended Maturity Date if the term of the relevant currency swap does not continue past the applicable Extended Maturity Date.

Moreover, there is a risk that Bank will not be able to enter into a replacement swap after the applicable Extended Maturity Date. Such event may have an adverse effect on the Bank's financial position and ability to perform its obligations under the Covered Bonds.

Risks relating to the Covered Bonds

The Covered Bonds are not subject to early redemption in case of an event of default

The Covered Bonds Holders are not entitled to request redemption of the Covered Bonds prior to the Maturity Date. This also includes non-payment or delay in payment of the interest under the Covered Bonds. Such Covered Bond Holders are therefore limited to collection and enforcement of any claims not satisfied at Maturity Date.

The Covered Bonds may be subject to mandatory bail-in tool

The obligations of the Bank under the Covered Bonds may be subject to compulsory write-down or conversion into equity to the extent the value of the Cover Pool is not sufficient to satisfy all claims under the mortgage covered bonds issued by the Bank. Such event may have an adverse effect on the investment in the Covered Bonds and investors' return on the Covered Bonds.

Extension of maturity in case of bankruptcy

Upon a Bankruptcy Event of the Bank (as defined in Condition 5(c)), the maturity of all outstanding covered bonds issued by the Bank, including the Covered Bonds, will automatically be extended by 12 months (the "**Extended Maturity Date**"). While interest under all of the Bank's covered bonds (including the Covered Bonds) will continue to be payable in the manner and on the dates indicated in the terms and conditions of the Covered Bonds and the applicable Final Terms, a Bankruptcy Event may affect the timing and amount of principal to be paid to Covered Bond Holders.

On the date of the Bankruptcy Event, the bankruptcy court will appoint a bankruptcy receiver (*syndyk*) who will assume responsibility for the administration of the Bank's assets. Within three months of the Bankruptcy Event, the bankruptcy receiver must conduct, in accordance with the Bankruptcy Law: (i) a coverage test (*test równowagi pokrycia*) to determine whether the assets forming the separate bankruptcy asset pool (*osobna masa upadłości*) of the Bank are sufficient to satisfy all of the Bank's 20 obligations towards all holders of outstanding covered bonds (including the Covered Bonds) issued by the Bank; and (ii) a liquidity test (*test płynności*) to determine whether the assets forming the separate bankruptcy asset pool of the Bank are sufficient to satisfy all of the Bank's obligations towards all holders of outstanding covered bonds issued by the Bank in full taking into account the Extended Maturity Dates of all outstanding covered bonds (including the Covered Bonds) issued by the Bank.

If the results of both the coverage test and the liquidity test are positive, the claims of the holders of the Covered Bonds for the repayment of principal are to be fulfilled in accordance with the terms and conditions of the Covered Bonds and the applicable Final Terms up to the Extended Maturity Date.

If the result of the coverage test is positive but the result of the liquidity test is negative, or if the result of the coverage test is negative, the maturity of the Covered Bonds will be extended by three years from the latest maturity date of a receivable in the cover pool.

In certain circumstances provided by Polish law, the claims of the holders of the Covered Bonds for the payment of principal may be satisfied sooner than the applicable extended maturity dates pursuant to pass-through procedures from the receivables in the cover pool.

In addition, the holders of all outstanding covered bonds issued by the Bank may, by a vote of holders representing two-thirds of the aggregate principal amount of all outstanding covered bonds of the Bank, adopt resolutions requesting the bankruptcy receiver to sell the cover pool (Condition 5(c) "*Redemption of the Covered Bonds in the event of the Bank's Bankruptcy and appointment of a Trustee*").

Other circumstances may affect the timing and amount of principal to be paid to Covered Bond Holders. For further details, see Condition 5(c) "*Redemption of the Covered Bonds in the event of the Bank's Bankruptcy and appointment of a Trustee"* of the terms and conditions of the Covered Bonds.

Additionally, filing the motion to declare a mortgage bank bankrupt results in a suspension of the mortgage bank's operations for approximately two months. Suspension of the mortgage bank's operations may further affect the timing of payments to be made to Covered Bond Holders.

Changes in interest rates may affect the investors' return on the Covered Bonds

Interest rate risk is one of the central risks of interest-bearing securities and, therefore, applies to all Covered Bonds which bear interest. The interest rate level may fluctuate on a daily basis and cause the value of the Covered Bonds to change on a daily basis. Interest rate risk is a result of the uncertainty with respect to future changes of the market interest rate level. In general, the effects of this risk increase as the market interest rates increase.

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

Interest rates and indices which are deemed to be "benchmarks", (including the euro interbank offered rate ("**EURIBOR**") and Warsaw interbank offered rate ("**WIBOR**")) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**EU Benchmark Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it: (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed); and (ii) prevents certain uses by EU supervised entities (such as the Bank) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The EU Benchmark Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by the UK-supervised entities of benchmarks of administrators that are not authorised by the Financial Conduct Authority (the "**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

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

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

In July 2022, the national working group for the reform of benchmarks (the "**Working Group**") was established to determine the benchmark that will replace WIBOR. The Working Group is composed of the representatives of the Ministry of Finance, the NBP, the KNF and the largest Polish financial institutions. On 28 September 2022 the Working Group announced a roadmap for phasing out WIBOR and replacing it with a new benchmark, Warsaw Interest Rate Overnight ("**WIRON**"). On 10 December 2024 the Working Group announced that WIRON will no longer be the benchmark replacing WIBOR. Instead, WIBOR will be replaced with another benchmark, Polish Short Term Rate ("**POLSTR**"). On March 28, 2025, the Steering Committee of the Working Group on approved the updated roadmap for the replacement of WIBOR and WIBID benchmarks with POLSTR. The roadmap for introducing POLSTR assumes that financial products based on POLSTR will be introduced in the first half of 2026 and WIBOR will be withdrawn by the end of 2027.

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

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

or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark, and on the Bank's interest income.

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

Future unavailability or discontinuance of EURIBOR or WIBOR may adversely affect the value of Floating Rate Covered Bonds which reference, respectively, EURIBOR or WIBOR

Due to the uncertainty concerning the ongoing reform of EURIBOR replacement, the increased regulatory scrutiny of benchmarks generally and the potential for further regulatory developments, there is a risk that the relevant EURIBOR replacement or fallback provisions included in the Terms and Conditions may not operate as intended at the relevant time. These factors could also increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any applicable regulations or requirements and, in consequence, discourage market participants from continuing to administer or contribute to benchmarks. Any such consequence could have a material adverse effect on the value of and return on the Covered Bonds, which reference EURIBOR.

According to the EU Benchmark Regulation, subject to a transitional period, a supervised entity (such as the Bank) may use a benchmark in the EU if it is developed by an administrator established or resident in the EU and entered in a register kept by the ESMA. WIBOR is a key benchmark since the entry into force of Commission Implementing Regulation (EU) 2019/482, i.e., since 26 March 2019. On 16 December 2020, the KNF authorised GPW Benchmark S.A. to operate as an administrator of WIBOR.

The EU Benchmark Regulation may have a significant impact on the Covered Bonds with a variable interest rate, for which the interest rate is determined by reference to the WIBOR rate, in particular, if the methodology for calculating this rate or other rules for its development change in order to adapt them to the requirements of the EU Benchmark Regulation or the WIBOR rate is no longer published. These changes may have the effect of lowering or increasing the level of the reference index which forms the basis for setting the interest rate for Floating Rate Covered Bonds.

Any of the above or any other significant changes to WIBOR, EURIBOR or any other applicable Benchmark could have a material adverse effect on the value or liquidity of, and the amount payable on, Floating Rate Covered Bonds whose rate of interest is linked to such Benchmark.

Currency risk

The Bank will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Covered Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds; and (iii) the Investor's Currency-equivalent market value of the Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Bank to make payments in respect of the Covered Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Any of the above may have an adverse effect to the value of the investor's investment in the Covered Bonds or its return on the Covered Bonds.

Inflation risk

Inflation risk is the risk of future depreciation of money. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on a Covered Bond.

If the inflation rate is equal to or higher than the nominal yield of a Covered Bond, the real yield is zero or even negative and the investors may receive no or negative returns on Covered Bonds.

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

There can be no assurance that a liquid secondary market for the Covered Bonds will develop or, if it does develop, that it will continue. The fact that the Covered Bonds may be listed does not necessarily lead to greater liquidity than if they were not listed. If the Covered Bonds are not listed on any exchange, pricing information for such Covered Bonds may, however, be more difficult to obtain, which may affect the liquidity of the Covered Bonds adversely. In an illiquid market, an investor

might not be able to sell his Covered Bonds at any time at fair market prices. The possibility to sell the Covered Bonds might additionally be restricted due to currency restrictions.

The process of admission and listing of the PLN Covered Bonds on the regulated market (parallel market) of the WSE may be prolonged

The admission and introduction of the PLN Covered Bonds to trading on the regulated market (parallel market) of the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*; the "**WSE**") is subject to the consent of the Management Board of the WSE and the registration of the PLN Covered Bonds in the depository system operated by the NDS. Such consent and registration may be obtained if the Bank and the PLN Covered Bonds satisfy all the legal requirements, specifically, those set forth in the applicable laws as well as in the respective regulations of the WSE and the NDS. Some of the criteria with respect to the admission and introduction of the Shares to trading on the regulated market are discretionary and left to the WSE to assess.

The Bank cannot guarantee that such criteria will be satisfied and/or these approvals and consents will be obtained and that the PLN Covered Bonds will be admitted and introduced to trading on the regulated market of the WSE in a timely manner, which might affect the liquidity of the PLN Covered Bonds in that period.

The application of the net proceeds of Covered Bonds with a specific use of proceeds, such as 'Green Covered Bonds' may not meet investor expectations or be suitable for an investor's investment criteria

The relevant Final Terms relating to any specific Tranche of Covered Bonds may provide that it will be the Bank's intention to apply the proceeds from an offer of those Covered Bonds specifically to refinance existing loans in the cover pool or acquire new loans which, in each case, are secured over energy efficient residential buildings ("**Mortgage Loans Supporting Sustainable Development**" and the Covered Bonds issued thereunder, "**Green Covered Bonds**").

The Mortgage Loans Supporting Sustainable Development will be included in the cover pool together with other mortgage loans, which are not Mortgage Loans Supporting Sustainable Development. Accordingly, prospective investors will have a claim against the entire cover pool, without having preferential claim on the Mortgage Loans Supporting Sustainable Development over and above other investors.

While it is the intention of the Bank to apply the net proceeds of any Green Covered Bonds and obtain and publish the relevant evaluation the manner described in "*Use of Proceeds*", there can be no assurance that the Bank will be able to do this. Any negative change or withdrawal of such evaluation may have a material adverse effect on the value of such Green Covered Bonds and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Fixed Rate Covered Bonds

The Holder of a Covered Bond with a fixed rate of interest ("**Fixed Rate Covered Bonds**") is exposed to the risk that the price of such Covered Bond falls as a result of changes in the market interest rate. While the nominal interest rate of a Fixed Rate Covered Bond as specified in the applicable Final Terms is fixed during the life of such Covered Bond, the current interest rate on the capital markets ("**market interest rate**") typically changes on a daily basis. As the market interest rate changes, the price of a Fixed Rate Covered Bond also changes, but in the opposite direction.

The changes in market interest rate may adversely affect the value of Fixed Rate Covered Bonds.

Floating Rate Covered Bonds

The Holder of a Covered Bond with a floating rate of interest ("**Floating Rate Covered Bonds**") is exposed to the risk of fluctuating reference rates such as the EURIBOR or WIBOR, as applicable, and uncertain interest income. Fluctuating reference rate levels make it impossible to determine the yield of Floating Rate Covered Bonds in advance.

Furthermore, where the Floating Rate Covered Bonds do not provide for a minimum rate of interest above zero per cent., investors may not receive any interest payments during one or more interest periods if the applicable reference rate decreases or increases (in the case of Reverse Floating Rate Covered Bonds (as defined below)) to a certain level.

In case of a low floating rate of interest and where an investor purchases Covered Bonds at an issue price (including any fees or transaction costs in connection with such purchase) higher than or equal to the sum of the redemption amount of the Covered Bonds and all remaining interest payments on the Covered Bonds until the maturity date, the investor may receive no yield or a negative yield.

Fixed to Floating Rate Covered Bonds

The Holder of a Covered Bond issued with a fixed interest rate and a floating interest rate ("**Fixed to Floating Rate Covered Bonds**") is exposed to both risks relating to Fixed Rate Covered Bonds (see – "*Fixed Rate Covered Bonds*" and risks relating to Floating Rate Covered Bonds (see – "*Floating Rate Covered Bonds*").

Zero Coupon Covered Bonds

Zero Coupon Covered Bonds do not pay current interest but are issued at a discount from their nominal value. The difference between the redemption price and the issue price constitutes interest income until maturity and reflects the market interest rate. The Holder of a Zero Coupon Covered Bond is exposed to the risk that the price of such Covered Bond falls as a result of changes in the market interest rate. Prices of Zero Coupon Covered Bonds are more volatile than prices of Fixed Rate Covered Bonds and are likely to fluctuate more in relation to market interest rate changes than interest-bearing Covered Bonds with a similar maturity.

Meetings of Holders of Covered Bonds

The Terms and Conditions of the Covered Bonds contain provisions for calling meetings of their respective Covered Bond Holders to consider matters affecting the interests of such Covered Bond Holders generally. These provisions permit defined majorities to bind all Covered Bond Holders who did not attend and vote at the relevant meeting and Covered Bond Holders who voted in a manner contrary to the majority. As a result, Covered Bond Holders can be bound by the result of a vote that they voted against.

Additionally, under the Polish Act on Bonds, the resolutions of meetings of Holders of listed Covered Bonds amending the provisions of the Conditions or the Final Terms concerning: (i) the amounts payable by the Bank under the Covered Bonds, the manner of determining these amounts, including conditions of payment of interest; (ii) the dates, place and the manner of making payments under the Covered Bonds and the dates on which persons entitled to receive payments under the Covered Bonds are determined; (iii) convening, holding and adopting resolutions by the meeting of Holders; and (iv) lowering the principal amount of the Covered Bonds require consent of all Holders attending the meeting and the consent of the Bank. This means the Bank or a holder of a single Covered Bond may prevent an amendment to the Conditions or the Final Terms which would be beneficial for a majority of Holders of the Covered Bonds.

Eurosystem Eligibility

The applicable Final Terms will indicate whether the Covered Bonds, are intended or not intended, to be held in a manner which is recognised as eligible collateral in accordance with Eurosystem's monetary policy and intra-day credit operations either upon issue or while still outstanding. However, such recognition will depend upon satisfying the Eurosystem's eligibility criteria, as applied from time to time by European Central Bank. Therefore, it cannot be excluded that Covered Bonds will not satisfy such criteria which may have an adverse effect to the investor's demand for Covered Bonds.

The Risk Factors described above are the risks the Bank considers to be material for the taking of an informed investment decision in respect of the Covered Bonds based on the probability of their occurrence and the expected magnitude of their negative impact. Additional risks and uncertainties may also arise or become more material after the date of this Base Prospectus, which could also have a material impact on the Bank's business operations in the future.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the CSSF and shall be incorporated in, and form part of, this Base Prospectus as described below:

(a) the English translation of the audited financial statements of the Bank for the year ended 31 December 2024 (https://www.pkobh.pl/media_files/216b475d-8368-495b-9288-4b277e62f532.xhtml):

(i) income statement:

https://www.pkobh.pl/media_files/216b475d-8368-495b-9288-4b277e62f532.xhtml#_Toc192422858

(ii) statement of comprehensive income:

https://www.pkobh.pl/media_files/216b475d-8368-495b-9288-4b277e62f532.xhtml#_Toc192422859

(iii) statement of financial position:

https://www.pkobh.pl/media_files/216b475d-8368-495b-9288-4b277e62f532.xhtml#_Toc192422860

(iv) statement of changes in equity:

https://www.pkobh.pl/media_files/216b475d-8368-495b-9288-4b277e62f532.xhtml#_Toc192422861

(v) statement of cash flows:

https://www.pkobh.pl/media_files/216b475d-8368-495b-9288-4b277e62f532.xhtml#_Toc192422862

(vi) notes to the financial statements:

from:

https://www.pkobh.pl/media_files/216b475d-8368-495b-9288-4b277e62f532.xhtml#_Toc192422863

to:

https://www.pkobh.pl/media_files/216b475d-8368-495b-9288-4b277e62f532.xhtml#_Toc192422952

(b) the English translation of the audit report prepared in connection with the audited financial statements of the Bank for the year ended 31 December 2024 (https://www.pkobh.pl/media_files/78c0357f-8c87-4466-8094-898e9d6e98d8.xhtml);

(c) the English translation of the audited financial statements of the Bank for the year ended 31 December 2023 (https://www.pkobh.pl/media_files/96b3fdd7-dac4-4f71-b370-3892eed21d63.xhtml):

(i) income statement:

https://www.pkobh.pl/media_files/96b3fdd7-dac4-4f71-b370-3892eed21d63.xhtml#_Toc155608062

(ii) statement of comprehensive income:

https://www.pkobh.pl/media_files/96b3fdd7-dac4-4f71-b370-3892eed21d63.xhtml#_Toc155608063

(iii) statement of financial position:

https://www.pkobh.pl/media_files/96b3fdd7-dac4-4f71-b370-3892eed21d63.xhtml#_Toc155608064

(iv) statement of changes in equity:

https://www.pkobh.pl/media_files/96b3fdd7-dac4-4f71-b370-3892eed21d63.xhtml#_Toc155608065

(v) statement of cash flows:

https://www.pkobh.pl/media_files/96b3fdd7-dac4-4f71-b370-3892eed21d63.xhtml#_Toc155608066

(vi) notes to the financial statements:

from:

https://www.pkobh.pl/media_files/96b3fdd7-dac4-4f71-b370-3892eed21d63.xhtml#_Toc155964891

to:

https://www.pkobh.pl/media_files/96b3fdd7-dac4-4f71-b370-3892eed21d63.xhtml#_Toc155965023

(d) the English translation of the audit report prepared in connection with the audited financial statements of the Bank for the year ended 31 December 2023 (https://www.pkobh.pl/media_files/df037fee-301d-4b64-a5da-7ce444ea0bfe.xhtml).

In addition to the above, any future income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, in each case contained in the reviewed interim condensed financial statements and/or audited financial statements of the Bank and any auditors' review report or auditors' report thereon, as and when published by the Bank from time to time on or after the date of this Base Prospectus on the Bank's website (https://www.pkobh.pl/en/covered-bond/international-covered-bonds-issue-programme/ https://www.pkobh.pl/en/reports/financial-reports/), shall be deemed to be incorporated by reference in, and form part of, this Base Prospectus.

Pursuant to Article 19(1) of the Prospectus Regulation, any non-incorporated parts of a document referred to herein are either deemed not relevant for the investor or covered in another part of the Base Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus. The Bank accepts responsibility as to the accuracy and completeness of any translations into English set out in any documents incorporated by reference in this Base Prospectus.

All documents incorporated by reference will be published on the website of the Luxembourg Stock Exchange at: www.luxse.com. Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Bank and from the specified offices of the Paying Agents for the time being in Luxembourg.

USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds will be applied by the Bank for its statutory purposes.

If, in respect of any particular issue, there is a particular identified use of proceeds other than using the net proceeds for the Bank's general corporate purposes, then this will be stated in the relevant Final Terms. In any case, the Bank is free in the use of the proceeds from each issue of the Covered Bonds.

Where "Green Covered Bonds" is specified in the applicable Final Terms, the allocation of an amount equal to the net proceeds from such issue will be made to projects determined to be eligible under the Group's Green Bond Framework ("**Green Bond Framework**") published on the Bank's website: https://www.pkobh.pl/media_files/30aaee5c-7f80-418b-ab32-990a4c0ff1c9.pdf, which can be subsequently amended or restated.

The Issuer intends to select assets to be included in the "financing buildings" category of the Eligible Assets Portfolio (as defined in the Green Finance Framework) based on compliance with certain eligibility criteria, including certain national and international environmental standards and local laws and regulations, as further described in the Green Bond Framework.

In particular, under the Green Bond Framework, the Bank may provide loans for the financing or refinancing of new or existing energy-efficient residential buildings in Poland, such as:

(a) residential buildings built prior 31 December 2020 that belong to top 15% low carbon buildings in Poland;

(b) residential buildings built as of 1 January 2021 that meet the following minimum eligibility criteria: 10% reduction in Primary Energy Demand (PED) in relation to Nearly-Zero-Energy-Building (NZEB) Standard in Poland;

(c) refurbished buildings (major renovations, thermal modernization to improve energy efficiency) that achieve at least 30% improvement in energy efficiency;

(d) buildings which are in line with Climate Bonds Initiative's eligibility criteria for low carbon buildings:

  (i) single-family house or multi-family house complying with TC 2017 or later by year of construction,

  (ii) single-family house or multi-family house with an Energy Performance Certificate (EPC) available, stating the polish technical condition TC 2017 or newer,

  (iii) single-family house or multi-family house built after the year 2017, depending on the year of construction.

With regard to project evaluation and selection:

(a) The Bank has established the Green Covered Bond Committee (the "**Committee**") which is responsible for the selection and evaluation of eligible assets in line with the Green Bond Framework's eligibility criteria. The Committee reports to the Management Board of the Bank and is headed by President of the Management Board. The Committee consists of representatives from various departments such as Treasury, Products, Risk, Compliance, Controlling and Finance; and

(b) The Bank evaluates activities in line with its internal environmental and social requirements as part of its credit appraisal process. In addition, the Bank will ensure compliance with national standards and implement internal processes to identify and mitigate environmental and social risks associated with the eligible assets under the Framework.

On 23 August 2024, Sustainalytics, an external environmental, social and corporate governance research and analysis provider, issued the Second-Party Opinion (the "**Second-Party Opinion**") confirming that the Group's Green Bond Framework is aligned with the Green Bond Principles 2021 issued by the International Capital Market Association (ICMA).

The Second-Party Opinion is available on the Issuer's website: https://www.pkobh.pl/media_files/200f8bfd-df31-4791-985a-348a3e6cbc0b.pdf.

For the avoidance of doubt, other than in relation to the documents which are deemed to be incorporated by reference (see "Documents Incorporated by Reference"), the information on the websites to which this Base Prospectus refers (including the Green Bond Framework, any report (including the allocation report and impact report referred to above), assessment, opinion or certification in relation thereto (including the Second-Party Opinion)) shall not be incorporated by reference in, and does not form part of, this Base Prospectus.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Green Covered Bonds and in particular with any assets in the Eligible Assets Portfolio to fulfil any environmental, sustainability, social and/or other criteria. Neither such opinion or certification nor the Green Bond Framework are, nor should be deemed to be, a recommendation by the Issuer or any of the Dealers or any other person to buy, sell or hold any such Green Covered Bonds. Any such opinion or certification is only current as at the date that opinion

or certification was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Green Covered Bonds. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors in any Green Covered Bonds should also refer to the risk factor above headed "The application of the net proceeds of Covered Bonds with a specific use of proceeds, such as 'Green Covered Bonds' may not meet investor expectations or be suitable for an investor's investment criteria."

FORM OF THE COVERED BONDS

Each Tranche of Covered Bonds will be in bearer form and, with respect to Covered Bonds other than the PLN Covered Bonds, which will be issued in dematerialised form, will be initially issued in the form of a temporary global covered bond (a "**Temporary Global Covered Bond**") or, if so specified in the applicable Final Terms, a permanent global covered bond (a "**Permanent Global Covered Bond**") which, in either case, will:

(a) if the Global Covered Bonds are intended to be issued in new global covered bond ("**NGCB**") form, as stated in the applicable Final Terms, be delivered on or prior to the Issue Date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear and Clearstream, Luxembourg;

(b) if the Global Covered Bonds are not intended to be issued in NGCB form, be delivered on or prior to the Issue Date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg.

Where the Global Covered Bonds issued in respect of any Tranche are in NGCB form, the applicable Final Terms will also indicate whether such Global Covered Bonds are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Covered Bonds are to be so held does not necessarily mean that the Covered Bonds of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGCBs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms. Each Temporary Global Covered Bond (if it will not be exchanged) and/or Permanent Global Covered Bond will be kept in custody by or on behalf of a Common Safekeeper until all obligations of the Bank under the Covered Bonds have been satisfied. While any Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Covered Bond if the Temporary Global Covered Bond is not intended to be issued in NGCB form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

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

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Covered Bond if the Permanent Global Covered Bond is not intended to be issued in NGCB form) without any requirement for certification.

The applicable Final Terms will specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) ("**TEFRA C**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) ("**TEFRA D**") are applicable in relation to the Covered Bonds or, if the Covered Bonds do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Where TEFRA D is specified in the applicable Final Terms, the following legend will appear on the applicable Permanent Global Covered Bond:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

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

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

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Covered Bonds*"), the Agent (as defined under "*Terms and Conditions of the Covered Bonds* ") shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds at a point after the Issue Date

of the further Tranche, the Covered Bonds of such further Tranche shall be assigned, if so required, a common code and ISIN which are different from the common code and ISIN assigned to Covered Bonds of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Covered Bonds of such Tranche.

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

The PLN Covered Bonds

If so specified in the applicable Final Terms and for the purpose of allowing the clearing of PLN Covered Bonds in the Polish clearing system operated by the NDS, any Series may, in full but not in part, be issued in uncertificated and dematerialised book-entry form (dematerialised securities) in accordance with all applicable Polish laws and the rules and regulations of the NDS (the "**NDS Rules**").

In such a case, the PLN Covered Bonds will be first registered in the records of persons entitled from securities (*ewidencja osób uprawnionych z papierów wartościowych*) created and maintained by Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie as the issue agent (*agent emisji*) (the "**Polish Issue Agent**") referred to in Art. 7a of the Act on Trading in Financial Instruments, and subsequently registered in the depository system maintained by the NDS as the primary depository. Such PLN Covered Bonds will be accepted for clearance in the depository system maintained by the NDS. Payments on the PLN Covered Bonds referred to in this paragraph will be made through the NDS in accordance with the applicable NDS Rules.

No Temporary Global Covered Bonds, Permanent Global Covered Bonds, coupons, receipts, talons or certificates will be issued in respect of the PLN Covered Bonds and the provisions relating to presentation, surrender or replacement of such physical bearer instruments shall not apply.

If in the relevant Final Terms concerning the PLN Covered Bonds the Common Code, the International Securities Identification Number (ISIN), CFI and/or FISN are designated as "Not applicable" it means that this information will be available following the registration of the PLN Covered Bonds in the depository system operated by the NDS.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Series/Tranche of Covered Bonds issued under the Programme.

[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, 13th 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 6 June 2025 [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.luxse.com), 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:		[ ] (*N.B. in case of PLN Covered Bonds, PLN only*)
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:	[Société Générale Luxembourg]/[Powszechna Kasa Oszczędności Bank Polski S.A. (*N.B. in case of PLN Covered Bonds only*)]/[specify other]
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:	[Société Générale Luxembourg]/[Powszechna Kasa Oszczędności Bank Polski S.A. (*N.B. in case of PLN Covered Bonds only*)]/[specify other]
	(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):	[ ]

		(Third Warsaw business day prior to the start of each Interest Period if WIBOR and the second day on which T2 is open prior to the start of each Interest Period if EURIBOR)
	Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate)*
	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: [[ ] 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] (*N.B.: Not applicable in the case of 2021 ISDA Definitions.*)
(h)	Linear Interpolation	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(i)	Margin(s):	[+/-][ ] per cent. per annum
(j)	Minimum Rate of Interest:	[[ ] per cent. per annum]/[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] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(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 *(N.B.: the Final Redemption Amount shall be at least equal to the nominal value of each Covered Bond))*

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

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

MISCELLANEOUS

15.	Type of Covered Bonds:	Mortgage covered bonds (*hipoteczne listy zastawne*)
16.	Form of Covered Bonds:	
	(a) Form:	[Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond] /[Permanent Global Covered Bond]/[Dematerialised form]
	(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)*
18.	PLN Covered Bonds	[Yes]/[No]

Signed on behalf of the Bank:

By:
Duly authorised

By:
Duly authorised

PKO BANK HIPOTECZNY S.A.

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]/[will be] 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 ISIN Code, Common Code in case of PLN Covered Bonds is not available or CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")

(v)	Clearing system(s) and the relevant identification number(s):	[Clearstream Luxembourg [,/and], Euroclear Bank SA/NV]/[The Polish National Depository of Securities (*Krajowy Depozyt Papierów Wartościowych S.A.*)
(vi)	Delivery:	Delivery [free of/against] payment
(vii)	Names and addresses of Paying Agent(s) (if any):	[Société Générale Luxembourg]/[Powszechna Kasa Oszczędności Bank Polski S.A. (*N.B. in case of PLN Covered Bonds only*)]/[*specify other*]
(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.]/ [No.]

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]

TERMS AND CONDITIONS OF THE COVERED BONDS

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, 13th 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 pursuant to the resolution of the Management Board of the Bank No. 95/2016 dated 4 August 2016, as amended by the resolution of the Management Board of the Bank No. 85/2024 dated 3 September 2024, 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 benefit from the Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 6 June 2025 and made between the Bank and Société Générale Luxembourg as issuing and principal paying agent (together with Powszechna Kasa Oszczędności Bank Polski S.A., the "**Paying Agents**", which expression shall include any additional or successor paying agents).

The Agency Agreement does not apply to the PLN Covered Bonds. The Polish Issue Agent and the Polish Paying Agent with regard to the PLN Covered Bonds will be, respectively, Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie and PKO BP.

References to the "**Agent**" with regard to the Covered Bonds other than the PLN-Covered Bonds shall mean Société Générale Luxembourg (and shall include any successor agent) and references to the "**Agent**" with regard to the PLN-Covered Bonds shall mean PKO BP (and shall include any successor agents).

The Covered Bonds are issued under the EUR 4,000,000,000 Programme for the issuance of Covered Bonds established by the resolution of the Management Board of the Bank No. 95/2016 dated 4 August 2016 as amended by the resolution of the Management Board of the Bank No. 85/2024 dated 3 September 2024 (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 "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 Société Générale Luxembourg. 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.luxse.com). 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 "**€**" mean 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.

Covered Bonds other than PLN 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.

PLN Covered Bonds

If so specified in the applicable Final Terms and for the purpose of allowing clearing of PLN Covered Bonds in the Polish clearing system operated by the NDS, any Series may, in full but not in part, be issued in uncertificated and dematerialised book-entry form (dematerialised securities) in accordance with all applicable Polish laws and the NDS Rules.

In such a case, the PLN Covered Bonds will be first registered in the records of persons entitled from securities (*ewidencja osób uprawnionych z papierów wartościowych*) created and maintained by Powszechna Kasa Oszczędności Bank Polski S.A. Oddział – Biuro Maklerskie w Warszawie as the issue agent (*agent emisji*)

referred to in Art. 7a of the Act on Trading in Financial Instruments, and subsequently registered in the depository system maintained by the NDS as the primary depository. Such PLN Covered Bonds will be accepted for clearance in the depository system maintained by the NDS.

No Temporary Global Covered Bonds, Permanent Global Covered Bonds, coupons, receipts, talons or certificates will be issued in respect of the PLN Covered Bonds and the provisions relating to presentation, surrender or replacement of such physical bearer instruments shall not apply.

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, with regard to the Covered Bonds other than the PLN Covered Bonds, "**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 the 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 real time gross settlement system operated by the Eurosystem, or any successor system ("**T2**"), is open; and

(C) a day on which Clearstream, Luxembourg and Euroclear offset money and securities transfers.

In the Conditions, with regard to the PLN Covered Bonds, "**Business Day**" means any day, except Saturdays, Sundays and other public holidays on which banks in Poland and the NDS conduct activities necessary for the execution of the issuance of the Covered Bonds, including redemption and payments on the Covered Bonds.

(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**").

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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:

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

where:

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

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

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

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

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

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

(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:

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

where:

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

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

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

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

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

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

(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:

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

where:

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

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

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

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

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

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

(vii) 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.

(viii) Notification of Rate of Interest and Interest Amounts

With regard to the Covered Bonds other than the PLN Covered Bonds, 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.

With regard to the PLN Covered Bonds, the Calculation Agent (with regard to the PLN Covered Bonds) 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 in accordance with the Conditions and the relevant regulations, in particular the relevant regulations of the WSE. 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 the applicable regulations.

(ix) 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.

(x) 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.

(xi) Benchmark discontinuation

Notwithstanding the foregoing provisions in this Condition 3(b), if the Bank, following consultation with an Independent Adviser pursuant to this Condition 3(b)(xi) 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)(xi)(C)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 3(b)(xi)(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)(xi); however, if the Successor Rate or Alternative Reference 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)(xi); 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)(xi));

(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)(xi) 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)(xi)). 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)(xi) (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)(xi)(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)(xi)(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 on the Covered Bonds other than the PLN Covered Bonds

Payments of principal and interest (if any) in respect of Covered Bonds will (subject to the 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's obligations 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. The beneficial holders of a particular nominal amount of Covered Bonds entitled to receive the relevant payments in respect of Covered Bonds shall be determined as of the date specified in accordance with the applicable regulations of Euroclear or Clearstream, Luxembourg (record date).

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.

Payments on the PLN Covered Bonds

Payments of principal and interest (if any) in respect of the PLN Covered Bonds shall be made to the Covered Bond Holders specified in accordance with the applicable NDS Rules.

(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 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, with regard to Covered Bonds other than the PLN Covered Bonds, "**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 T2 is open; and

(iii) a day on which Clearstream, Luxembourg and Euroclear process money and securities transfers.

In respect of the PLN Covered Bonds, the Payment Day shall be established in accordance with the applicable NDS Rules.

(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 this 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 restrukturyzycja*) 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 restrukturyzycja*), 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

Covered Bonds other than the PLN Covered Bonds

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 change 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.

PLN Covered Bonds

The Paying Agent in relation to the PLN Covered bonds will be the Polish 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.luxse.com. 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 the Arranger.

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 depositary 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.

MARKET AND LEGAL ENVIRONMENT

Market

The information presented in this section has been extracted from publicly available sources and documents. The source of external information is always given if such information is used in this section. While reviewing, searching for and processing macroeconomic, market, industry or other data from external sources such as the KNF or government publications, none of it has been independently verified by the Bank or the Arranger or any of their affiliates or the Group's advisers in connection with the Programme.

The Bank does not intend to and does not warrant to update the data concerning the market or the industry as presented in this section, subject to the duties resulting from generally binding regulations.

The Polish Economy

The Polish economy is one of the fastest developing economies in the EU. Poland, with 37.4 million residents it is the fifth largest EU country by population as of 1 March 2025. With a GDP of U.S. dollars 862.9 billion in 2024 (according to the International Monetary Fund), it is the sixth largest EU economy and the 21st largest economy globally (by GDP, according to data from the International Monetary Fund). In 2024, GDP growth amounted to 3.0%. Poland's economic growth is projected to accelerate to 3.6% in 2025 and 3.1% in 2026 (according to the European Commission).

In 2024, the Polish economy recorded GDP growth of 2.9%. This growth was significantly higher than in 2023, when the economy grew by only 0.1%, which mainly reflects the inflation shock from 2022 and 2023 and a cost of living crisis. Household consumption rose by 3.1% y/y, while public consumption increased by nearly 7% y/y. Investment activity and exports remain relatively resilient with an increase of 1.3% y/y, which was lower than the 12.6% growth in 2023. In 2024, the Polish labour market was stable. However, some changes were observed, such as an increase in unemployment in November and a decrease in the number of people employed in the enterprise sector. The unemployment rate is stable. In February 2025 it was 2.6%, which was the lowest result in the entire EU. By comparison, in February 2024, the unemployment rate in Poland was 2.9%, which was the second lowest in the EU.

In 2024, inflation in Poland significantly decreased compared to 2023, marking a positive trend in the economy. The year 2023 ended with an inflation rate of 6.2% in December, with the annual average reaching 11.4%. High energy and food prices, along with the expiration of anti-inflation measures, were key factors contributing to this situation. In 2024, inflation dropped considerably, reaching an annual average of 3.6%, a decrease of 7.8 p.p. compared to the previous year. In December 2024, inflation stood at 4.7%, remaining at the same level as in November. Several factors contributed to this decline in inflation. First, energy prices stabilised after the anti-inflation measures ended, helping to reduce overall price levels. Second, improvements in supply chains and increased production contributed to greater availability of goods, which impacted price stabilisation. Additionally, actions by the National Bank of Poland, including maintaining interest rates at appropriate levels, were aimed at controlling inflation.

Reflecting a response to easing inflation pressure 1Q2025 CPI 4,9% and slower pace of economic recovery, on 7 May 2025, the MPC reduced reference rate by 50 basis points, bringing it down to 5.25 per cent. This marks the first rate cut since October 2023, reflecting a response to easing inflation pressures.

Poland has one of the best educated labour force in Western economies according to PISA studies and continuously benefits from large inflows of EU funds (over 2.0% of GDP per year). The direct exposition of Polish economy to trade with Russia is negligible and declining (in exports: 0.78% in 2024, in imports: 0.51% in 2024). Since 2014 Poland experience high migration inflows from Ukraine (estimates show around 700 thousand Ukrainians working in Poland). These inflows have massively intensified after invasion of Russia to Ukraine, however recently there is some outflow of Ukrainians from Poland, mainly to Germany.

The following table sets forth the key economic indicators for Poland for the periods indicated:

	For the year ended 31 December	
	2024	**2023**
Real GDP growth (%)	2.9	0.1
Average CPI Inflation rate on a year-on-year basis (%)	3.6	11.4
Average wage growth in corporate sector (%)	9.8	11.9
Average unemployment rate (%)	3	2.8
General government deficit/GDP (ESA, %)	-6.6	-5.1
Government debt/GDP (ESA, %)	55.3	49.6
Reference rate (%)	5.75	5.75
PLN/EUR(average)	4.27	4.35

Sources: GUS; KNF, OECD and NBP

Development of the Polish Banking Sector

Between 1989 and 1991, a two-tiered banking sector was established, separating the central bank from the rest of the banking sector. Nine regional commercial banks were created out of the NBP's commercial and retail banking operations. The NBP branch network and the respective commercial loan portfolios of those branches were divided among the newly established banks to give each new bank a regional base. All of these regional banks were transformed into joint stock companies in October 1991 and were subsequently privatised between 1993 and 2001. Since 1991, Polish banking law has allowed the licensing of new private banks in Poland and opened the Polish banking market to foreign investors. As a result, there has been a rapid expansion in the number of banks owing to foreign banking groups entering the market.

According to the KNF, as at 28 February 2025, the total number of banks and branches of foreign credit institutions operating in Poland was 551: there were 29 domestic commercial banks, 33 branches of foreign credit institutions and 489 co-operative banks operating in Poland.

The level of competition in the Polish banking sector is relatively high due to its low level of concentration. According to the KNF data, as at 28 February 2025, the share of banks controlled by foreign investors in the assets of the Polish banking sector was 41.7 per cent.

The Polish banking sector is expected to continue to experience consolidation in the medium term. A number of smaller market players generate relatively low revenues, which will be subject to rising pressure. This may force further consolidation if profitability is eroded. Given the pressure on the revenue side (low interest rates, regulatory measures) and additional burdens (Polish banking tax, higher capital requirements), some banks will strive to increase their scale of operations to achieve a satisfactory return on equity.

As a result of changes in the shareholding structure of Polish commercial banks, in particular the takeover of Bank Pekao S.A. by PZU S.A. and PFR S.A., in 2017 the share of foreign ownership in banking assets in the country declined markedly. According to the KNF, as at 28 February 2025 41.7 per cent. of the total assets of the Polish banking sector belonged to foreign-owned banking groups.

Alternative distribution channels, in particular internet banking and mobile banking, have been increasing in importance in Poland. Moreover, new products, such as markets for financial advisory services, wealth management, insurance products and various investment funds in Poland, have seen significant growth and are likely to be a significant driver for profitability in the future.

Loans

As at 31 December 2024, amounts due to the non-financial sector increased by PLN 47,687 million, i.e. 4.12 per cent. compared to 31 December 2023. According to BIK (the Polish Credit Information Bureau), in 2024 Poles took out a total of PLN 248.8 billion new loans and advances, i.e. approx. 32% more than in 2023.

	As at 31 December (*in PLN million*)		**Change (%)**
	2024	**2023**	**2024/2023**
Receivables from the non-financial sector, of which	1,205,710	1,158,023	4.12
to businesses	431,406	413,907	4.23
to households	765,909	735,841	4.09
other amounts due	8,395	8,275	1.45

Source: NBP

Amounts due from households constitute the majority of the amounts due from non-financial entities. As at 31 December 2024, amounts due from households comprised 63.52 per cent. of the gross amounts due from the non-financial sector and 23.09 per cent. of the banks' total assets.

Capital adequacy

Over the course of the past three years, Polish banks have maintained a strong capital base. The following table shows the capital adequacy ratios and own funds of the Polish banking sector as of the dates indicated, as reported by the KNF:

	As at 31 December			**Change**	
	2024	**2023**	**2022**	**2024/2023**	**2023/2022**
Total capital ratio	21.03%	21.76%	20.43%	(0.73) p.p.	1.33 p.p.
Tier 1	19.77%	20.17%	18.56%	(0.40) p.p.	1.61 p.p.
Own funds for capital adequacy (in PLN billion)	258.1	244.9	229.0	5.39%	6.95%

Source: KNF

Two key factors have contributed to the strengthening of the capital base of the Polish banking sector: capital accumulation and equity issuances. In recent years, Polish banks have been increasing their equity, mainly by retaining their profits.

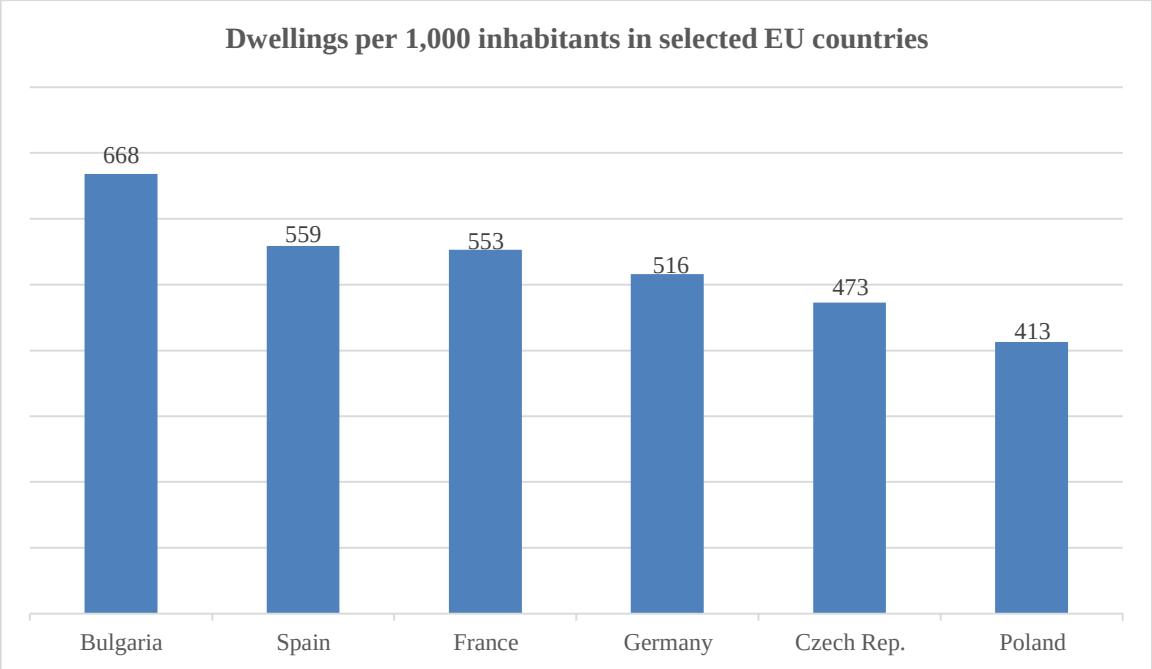
Higher minimum capital requirements have been applicable since January 2016. In 2024, the Tier 1 capital ratio decreased from 20.17% in 2023 to 19.77%, and the total capital ratio decreased from 21.76% in 2023 to 21.03%. However, when compared to 2022, both the Tier 1 and total capital ratios showed improvement. The Tier 1 capital ratio increased from 18.56% in 2022 to 19.77%, and the total capital ratio rose from 20.43% in 2022 to 21.03% in 2024.

The domestic banking sector held significant excess capital above the applicable regulatory and supervisory requirements, both for capital ratios based on risk-weighted exposures and the minimum leverage ratio.

The Residential market

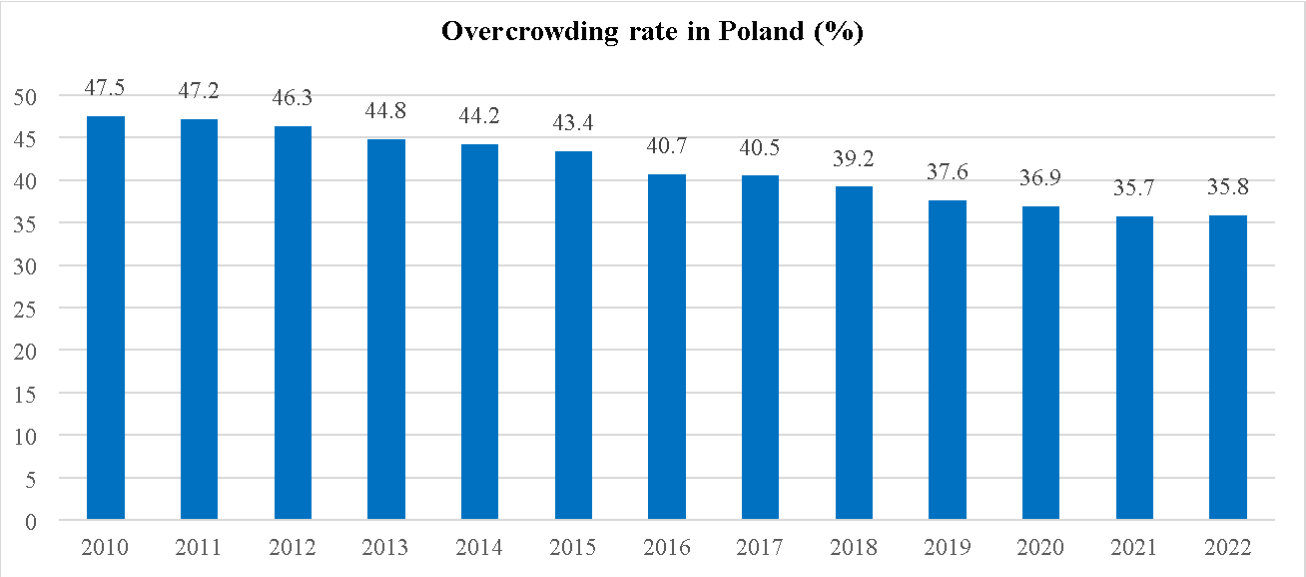
The total number of dwellings in Poland as at the end of 2024 was over 15.9 million (source: GUS).

According to the Deloitte "Property Index" report published in August 2024, the number of dwellings per 1,000 citizens in Poland reached 420 in 2023. Even though this number has been gradually improving, it is still much lower than an average of 457 in countries selected by Deloitte and one of the lowest in Europe. This indicates that Polish residential property market still has a considerable development potential.



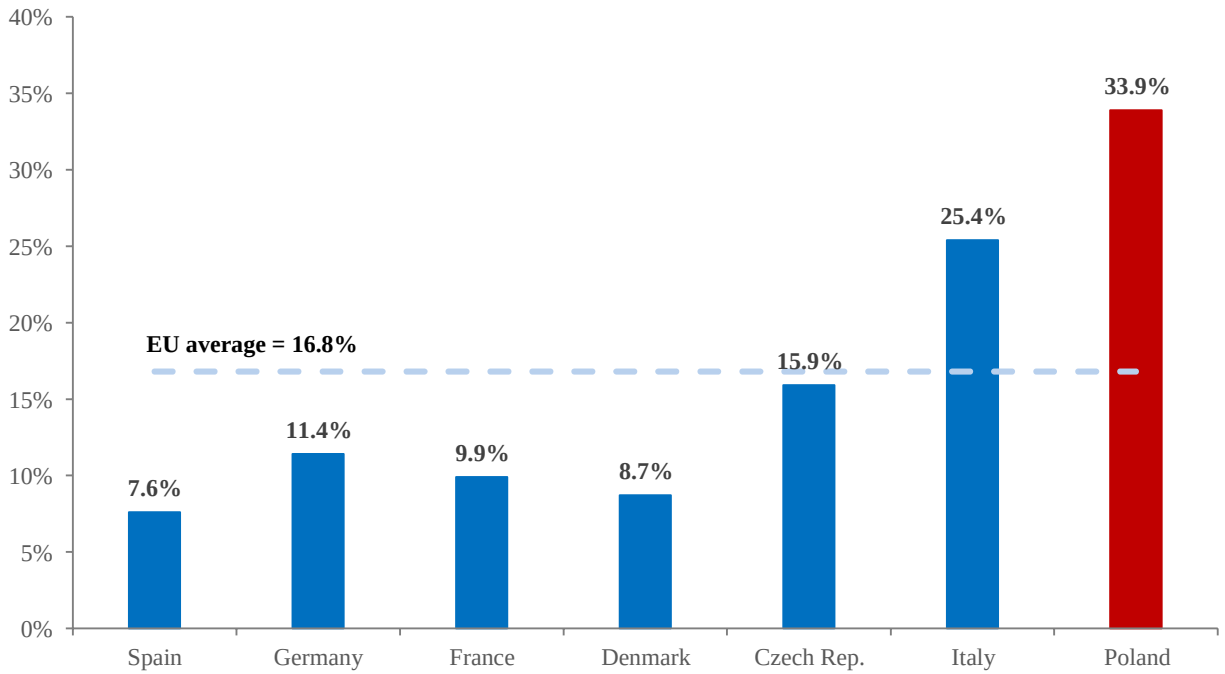
Source: Deloitte Property Index 2024

The availability of sufficient space in the dwelling is an important element of the quality of housing conditions. One of the indicators that are used to describe space problems is the overcrowding rate, which assesses the proportion of people living in an overcrowded dwelling, as defined by the number of rooms available to the household, the household's size, as well as its members' ages and family situation. As at the end of 2022, Poland's overcrowding rate was 35.8 percent, down by 11.7 percentage points since 2010. The overcrowding rate is one of the highest in the EU, where the average overcrowding rate as of 2022 was 16.8 per cent. The Bank believes that the high overcrowding rate is one of the principal factors for increasing demand for new houses and apartments and, as a consequence, increasing demand for residential loans.



Source: EUROSTAT

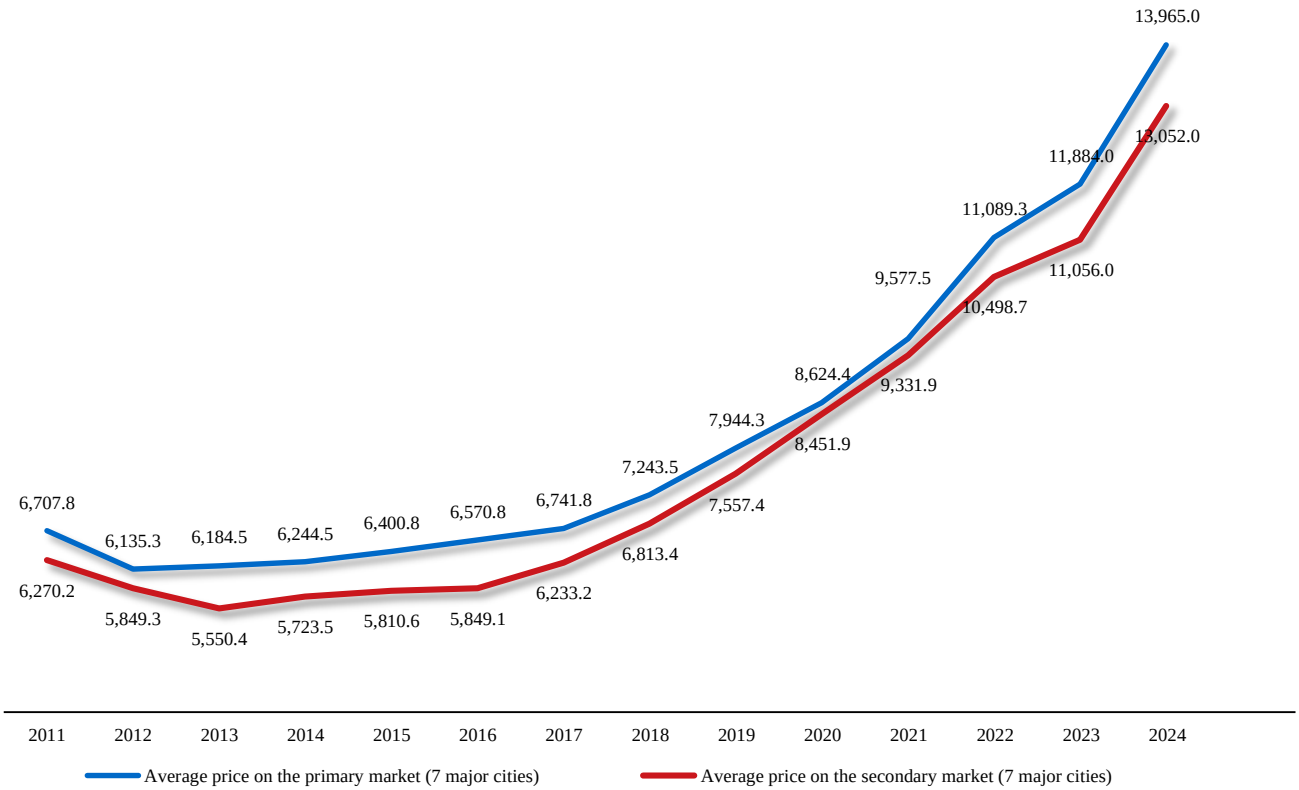
The shortage of housing in Poland is estimated at about 1 million apartments (assuming a relatively constant number of people in the household) to 4-5 million apartments, and these estimates take into account the projected decline in the population by about 11-12 percent by 2050 (source: GUS). As a result, there is great potential for the growth of the residential real estate market (as long as other factors, such as the price of residential properties, availability, loan price or unemployment level, are favorable).



Source: EUROSTAT

The number of dwellings in Poland has been growing on average over the last five years by almost 200,000 per year, which corresponds to the number of new dwellings completed.

Prices of residential properties



Source: GUS and NBP

In 2024, real estate prices continued to rise, influenced by the fact that almost 200,000 new residential units were completed in 2024, placing Poland among the top four European countries in terms of construction scale. In the third quarter of 2024, compared to the second quarter of 2024, the prices increased by 0.9% on the primary market and by 2.6% on secondary market. Compared to the corresponding quarter of 2023, prices of residential premises increased by 4.3% on the primary market and by 5.0% on the secondary market. In the fourth quarter of 2024 prices of residential premises in Poland, compared to the third quarter of 2024, increased by 1.3% on the primary market and decreased 2.4% on the secondary market. Compared to the corresponding quarter of 2023, prices of residential premises increased by 6.2% on the primary market and by 3.9% on the secondary market.

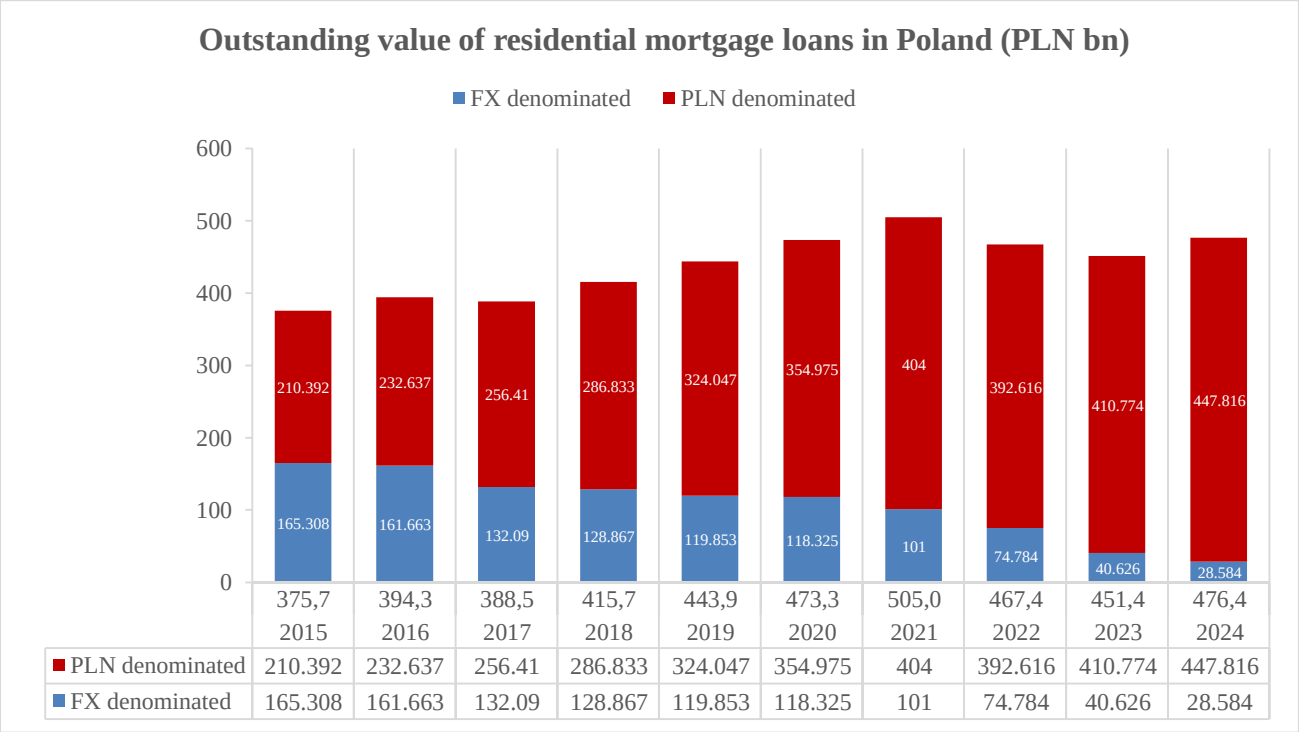
The Polish loans for houses market

Based on NBP data, the banks' receivables in respect of loans for houses in Poland were PLN 469.0 billion as at 31 December 2024 (4.9% y/y). According to BIK data, 2024 ended with a significant increase in the value of the loan and credit portfolio and a significant increase in newly granted liabilities. At the end of 2024, the total amount of all loans and credits outstanding reached a record PLN 760.6 billion (+5.5% y/y). .

The year 2023 was characterized by an increase in sales of new loans for houses. This was due to several factors. Firstly, in June 2023 amendments to Recommendation S decreased the KNF-recommended buffer applied for creditworthiness calculation, which increased the creditworthiness of housing loan borrowers. Secondly, the NBP interest rate lowered the price of credit. Thirdly, the launch of the 2% safe loan programme enhanced, even further, credit availability for the group of borrowers who satisfy the criteria to benefit from the programme. In 2024, the value of housing loans granted amounted to PLN 87.1 billion, which represents an increase of 36.1% compared to 2023. However, it should be noted that PLN 13.6 billion of the 2024 lending was still derived from loan applications submitted under the 2% program. The value of cash loans taken out reached PLN 94.9 billion, recording a year-on-year increase of 28.6%.

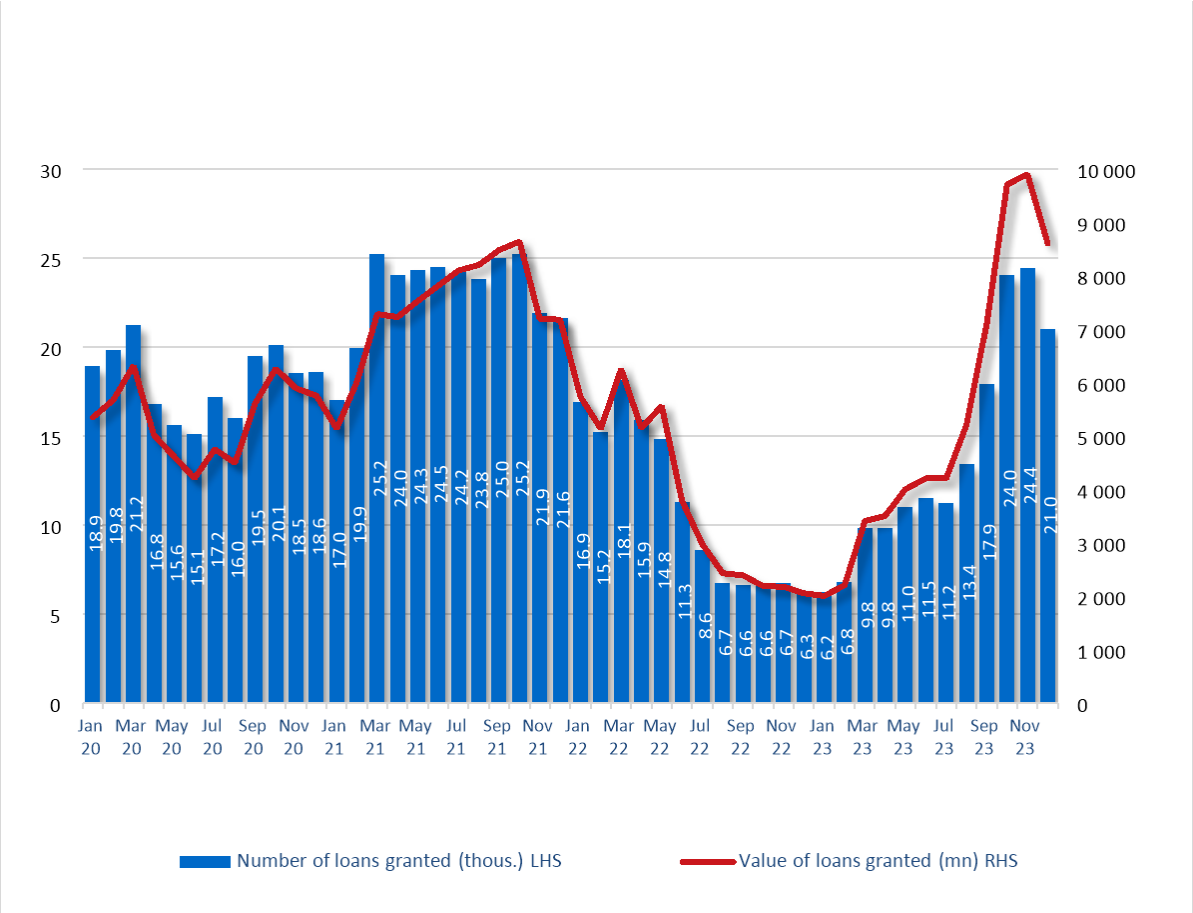
Initially, the Polish loans for houses market was strongly dominated by loans with a floating interest rate, but in 2021 banks started expanding their offer of loans based on a fixed interest rate. The increase of interest rates changed the structure of newly signed loans for houses in favour of the loans with the fixed interest rate. According to KNF, more than 60% of the loans granted in the first half-year of 2023 were the loans based on a periodically fixed interest rate.

As of December 2024 about 5.6% of the outstanding loans for houses are denominated in foreign currency, this share has been decreasing significantly from 43.9% in 2015.



Source: NBP, KNF

Number and value of newly signed residential mortgage loans



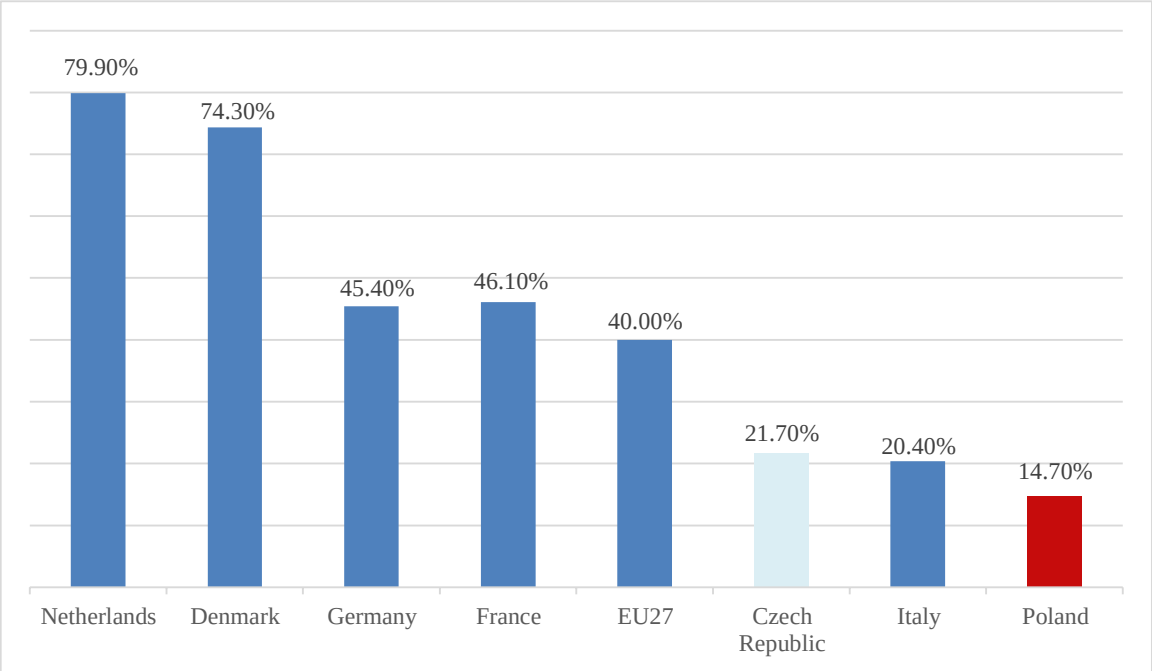
Source: BIK (the Polish Credit Information Bureau) data

In 2024, the value of housing loans granted amounted to PLN 87.1 billion, which represents an increase of 36.1% compared to the previous year. However, it should be noted that PLN 13.6 billion of the 2024 lending was still derived from loan

applications submitted under the 2% program. The lending activity from applications submitted only in 2024 thus amounted to PLN 73.5 billion. The value of cash loans taken out reached PLN 94.9 billion, recording a year-on-year increase of 28.6%. In 2024, the share of housing loans taken out by foreigners increased, reaching 7.4% of the total lending in this segment in December. The housing loan market grew mainly in terms of value, driven by high-value housing loans exceeding PLN 600,000. The market recorded positive year-on-year growth of almost 115%. This was influenced by price increases in the real estate market and an increase in creditworthiness despite the highest interest rates on housing loans in the European Union.

Total Outstanding Residential Loans to GDP ratio (%, 2023)

The total balance of residential loans in relation to the Gross Domestic Product stood at 14.7% at the end of 2023. This amount was significantly below the average for EU Member States, which according to data as at the end of 2023 was at 40.0%. This shows the large development potential of the residential loan market in Poland.



Source: Hypostat 2024 (by European Mortgage Federation)

Prospects for the development of the Polish residential real estate market

In 2024, the residential construction market in Poland was active, although with noticeable changes compared to previous years. In the period from January to September 2024, 145,400 apartments were completed, i.e. 9.6% less than in the same period of 2023. Developers handed over 89,600 dwellings for use, 7.6% less than a year earlier, while individual investors handed over 51,600 dwellings, i.e. 15.1% less. These forms of construction accounted for 97.1% of all newly completed dwellings. A total of 4,200 dwellings were completed in other forms of construction. In 2024, construction began on 233,800 dwellings, i.e. 23.7% more than in 2023. Dwellings intended for sale or rent accounted for 65.2% of the total, while dwellings in individual construction accounted for 32.8%. The remaining 2.0% were cooperative, municipal, social rental and company apartments. In 2024, 200,400 dwellings were completed, i.e. 20,900 fewer than in 2023. Forecasts for the residential construction sector in Poland for the coming years indicate moderate growth, but with certain challenges. The market may stabilise, but inflation and problems with construction materials may complicate developers' plans.

Covered bonds and mortgage banks market

The Polish mortgage covered bond market is relatively small and moderately liquid. At the end of December 2024, the total value of outstanding mortgage covered bonds issued by the mortgage banks operating in Poland amounted to PLN 17.1 billion, i.e., PLN 1.4 billion less than at 31 December 2023. As at 31 December 2024, mortgage covered bonds issued by Polish banks corresponded to 3.64% of the amount of residential loans granted by banks. For comparative purposes, in 2022 in Germany the ratio was 15.3%, and in the Czech Republic 27.3%.

As at the date of this Base Prospectus, there are five mortgage banks operating in Poland: the Bank, mBank Hipoteczny S.A., Pekao Bank Hipoteczny S.A., ING Bank Hipoteczny S.A. and Millennium Bank Hipoteczny S.A. These mortgage banks operate only in Poland.

The Bank is Poland's largest issuer of mortgage-covered bonds on the Polish market. The value of outstanding mortgage covered bonds issued by the Bank was PLN 7.2 billion as at 31 December 2024, which constituted over 42% of the total value of outstanding mortgage covered bonds issued by Polish mortgage banks.

Issuer	Value of issued mortgage covered bonds as of 31 December 2024 (in PLN billion)
The Bank	7.2
mBank Hipoteczny S.A.	6.6
Pekao Bank Hipoteczny S.A.	2.0
Millennium Bank Hipoteczny S.A.	0.8
ING Bank Hipoteczny S.A.	0.5

Source: KNF

Legal environment

New Polish regulations on banking outsourcing

Law of 16 August 2023 on amending certain laws in connection with ensuring the development of the financial market and the protection of investors in this market introduced changes to provisions of the Polish Act dated 29 August 1997 – Banking Law (*ustawa z dnia 29 sierpnia 1997 r. – Prawo bankowe*; the "**Banking Law**") regarding outsourcing of activities by Polish banks, including the Bank.

Pursuant to the new regulations, mortgage banks were exempted from the general prohibition on outsourcing of bank management activities, in particular the management of risks related to conducting of banking activities, including the management of assets and liabilities, the assessment of creditworthiness and analysis of credit risk, and the activities of carrying out the bank's internal audit, provided that these activities are outsourced to a national bank that is the sole shareholder of the mortgage bank. The new regulations indicate that the mortgage bank bears full responsibility for the liabilities arising from such outsourcing.

In addition, the mortgage bank is obliged to notify the Polish Financial Supervision Authority of its intention to conclude such an outsourcing agreement. The Polish Financial Supervision Authority has the power to object to the conclusion of such agreement in certain cases, among others, if the national bank to be entrusted with the performance of activities is in the process of implementing a recovery plan, or it would jeopardize the stable management of the mortgage bank, including adversely affecting the safe and proper performance of the entrusted activities, as well as the safety of the issued mortgage bonds. Moreover, the new law expanded the scope of documents and information that the Polish Financial Supervision Authority may request from a bank in connection with its notice of intention to enter into an outsourcing agreement.

Specific Requirement for the Banks

Engaging in banking activities involves meeting multiple regulatory obligations, most of which follow directly from the provisions of the Banking Law, and from resolutions, ordinances and recommendations made by the KNF. The most important obligations concern the Bank's own funds, the capital adequacy ratio, the solvency ratio, exposure concentration, risk management systems and financial management conducted by the Bank.

Banks have a duty to protect banking secrecy. Regulations on personal data protection are particularly important for the functioning of banks in order to protect individual customers. Personal data may be processed exclusively in compliance with detailed regulations, using technical and organizational resources which ensure the protection of personal data against unauthorised processing, including the making of it available to third parties.

The Bank must also comply with regulations for preventing the financial system from being used for the purpose of money laundering and terrorist financing.

Certain restrictions also apply if banks retain any third parties for the performance of banking activities for and on behalf of the bank, or for the performance of any banking-related operations.

Banking Supervision Exercised by the KNF

In Poland, banking supervision is currently exercised by the KNF and covers in particular:

- assessing the financial position of banks, including analysing liquidity, the quality of assets, solvency and the financial results of banks;
- estimating, maintaining and reviewing internal capital;

- auditing the quality of risk management systems, and in particular of the risk management system and internal control system;
- auditing the compliance of banks' activities with the appropriate regulations; and
- monitoring and controlling banks' compliance with exposure concentration limits and standards for risk acceptable in their operations as determined by the KNF.

The KNF has wide powers and legal instruments which enable it to supervise banks (including the ability to carry out inspections).

Other Supervisory Authorities

Some areas of banking operations are subject to the supervision of other public administration authorities, the most important of which are:

- the OCCP, regarding protecting market competition and consumers' collective rights;
- the Head of the Data Protection Office, regarding collecting, processing, managing and protecting personal data; and
- the minister responsible for financial institutions and the General Inspector for Financial Information regarding the prevention of money laundering and the financing of terrorism.

Regulation of mortgage loans

The Mortgage Credit Act, which implements the Mortgage Credit Directive into Polish law, came into force on 22 July 2017.

The general purpose of the Mortgage Credit Act is to improve the position of borrowers who purchase real estate. The Mortgage Credit Act introduces restrictions on granting mortgage loans such as restrictions on currencies in which a loan may be granted, which depend on the currency of the borrower’s income. Banks will be allowed to tie mortgage loans with other products except the auxiliary bank account free of charge (which does not concern Polish mortgage banks as they are not allowed to maintain bank accounts for their clients). This does not affect the cross-selling that respects the borrower’s right to choose a standalone mortgage loan or other combined offer. Additionally, while a bank may require the borrower to insure the property financed with the mortgage loan and to assign this insurance to the bank, the bank may not restrict the borrower’s ability to choose an insurer, as long as the insurance policy meets the criteria stipulated by the bank. The Mortgage Credit Act imposes several mortgage loans information requirements on banks. The first requirement is in respect of advertisements concerning mortgage loans, which must provide detailed information about, and refer to all important features of, the mortgage loans. The next is the offer information, which must be presented in a special information sheet and submitted to the customer after getting acquainted with his credit needs. The information sheet is binding on a bank for 14 days. Banks are also obliged to issue a credit decision within 21 days of the date of a loan application and to justify the refusal of granting a loan. The third requirement is in respect of the content of the loan agreement, which is also strictly regulated. It includes a customer’s right to withdraw from the loan agreement within 14 days of the date of signing the agreement. Therefore, these regulations have demanded some changes in the process of originating mortgage loans. The Mortgage Credit Act introduces licensing requirements for brokerage and agent services regarding mortgage loans. Moreover, it introduces regular training requirements as a condition of maintaining the licence. Banks are also required to conduct regular training of their employees involved in mortgage loan origination processes.

Moreover, the Polish Civil Code provides a cap for the maximum interest rates that may be charged by a bank under a loan agreement. As at the date of this Base Prospectus, this cap is twice the sum of the applicable reference rate of the NBP and 3.5 per cent. The maximum interest rate on overdue principal is twice the sum of the applicable reference rate of the NBP and 5.5 per cent.

Bank Guarantee Fund

The BGF covers the monetary assets deposited in bank accounts or receivables regarding claims confirmed by documents issued by banks with a guarantee system. Participation in the guarantee system is mandatory for all Polish banks and in certain instances for branches of foreign banks operating in Poland. Banks covered by the guarantee system make mandatory annual payments to the BGF and are obliged to set up a guaranteed funds protection fund. The mandatory guarantee system ensures that if a bank becomes insolvent, the funds deposited in bank accounts, up to an amount specified in the regulations, are returned. As at the date of this Base Prospectus, funds up to an amount equivalent to EUR 100,000 per single person regarding deposits in all accounts in a given bank are fully covered by the guarantee system. Funds deposited, in particular, by government administration authorities, other banks, credit institutions, insurance companies and investment and pension funds are not covered by the guarantee system.

Additionally, the BGF is the Polish resolution authority. Under the BRRD and the Act on the Bank Guarantee Fund, the BGF is authorised to commence resolution proceedings with respect to banks operating in Poland. The BGF has at its disposal a wide range of legal instruments during resolution proceedings, including the power to write down debt instruments issued by a bank or to convert them into shares of the bank.

Institutional Protection Scheme for Commercial Banks

On 10 June 2022, the KNF approved the agreement and recognised the institutional protection scheme created in accordance with Article 130c of the Banking Law by eight Polish commercial banks (the Bank, Alior Bank S.A., BNP Paribas Bank Polska S.A., ING Bank Śląski S.A., mBank S.A., Bank Millennium S.A., Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A.). The above-mentioned banks signed the protection scheme agreement and established the managing entity operating in the form of a joint stock company, System Ochrony Banków Komercyjnych S.A. ("**SOBK**"). The protection scheme can be joined by other local banks provided they satisfy the terms and conditions set out in general law and in the protection scheme agreement. As part of the system, an aid fund has been established to which the participating banks provided cash contributions. Further contributions to the aid fund will require a unanimous resolution of the general meeting of shareholders of the SOBK. The aid fund may be used to ensure liquidity and solvency the participants of the scheme, support resolution of a bank conducted by the BGF and the takeover of a bank being a joint-stock company pursuant to Art. 146b paragraph 1 of the Banking Law.

Consumer Protection

The Consumer Credit Act dated 12 May 2011 (as amended), the Civil Code regulations and other consumer protection laws impose on banks several obligations relating to agreements signed with natural persons who perform actions which are not directly related to their business or professional activities (consumers). The most important of these are the requirements to inform consumers about the cost of extended credit and loans and to include specified terms in consumer loan agreements as well as a prohibition on including specific clauses which are unfavourable to consumers in agreements. If a customer loan agreement does not meet certain requirements of the Consumer Credit Act, the borrower is authorised under the law to repay the loan in the principal amount with interest accrued until the prepayment date. In some circumstances, the borrower may be authorised to repay only the principal amount, without interest, fees or any other amounts due to the bank under the loan agreement.

There is a cap on the maximum interest rates which a bank may charge under a loan agreement. The maximum interest rate is capped at two times the sum of the applicable reference rate of the NBP and 3.5 per cent.

Law of 7 July 2023 on amending certain laws to reduce some of the effects of identity theft has introduced further restrictions on the banks regarding *inter alia* loans taken by consumers. With effect from 1 June 2024, if at the time of the conclusion of the loan agreement or an annex to such agreement resulting in an increase of debt the PESEL number of the consumer was reserved in the register of reservations of PESEL numbers, the bank may not demand from the consumer the satisfaction of a claim arising from the conclusion of the agreement, i.e. repayment of the relevant loan.

Personal Data Protection

In light of the large number of individuals serviced by banks, all the regulations concerning personal data protection are of particular importance to banking operations. Personal data may be processed exclusively in compliance with specific regulations, while applying technical and organizational means that ensure the protection of personal data, particularly from disclosure to any unauthorised parties. Additionally, the persons to whom such data relates should have the right to access all of their personal data and to correct it.

The GDPR entered into force on 25 May 2018. It imposes new obligations and guidelines on companies in the management and processing of personal data. This means a significant change for companies in their approach to the security of data storage and the issue of making it available to the relevant employees.

The key consequences resulting from the GDPR's implementation are as follows:

- the definition of personal data, including identifying the person to whom the data relates, will be much broader;
- automated processing of personal data will be permitted under certain conditions;
- the legal rights of individuals will be increased considerably;
- personal data processors, controllers and data protection officers will have many new obligations relating to the technical and organizational protection of personal data; and

- administrative fines for non-compliance with the Regulation could reach EUR 20 million or 4 per cent. of an organization's annual worldwide turnover.

Moreover, individuals will have the right to judicial redress and to claim compensation in excess of the statutory fines.

DESCRIPTION OF THE BANK

History and general introduction

The Bank is a Polish mortgage bank (*bank hipoteczny*) focusing on providing retail loan products secured by mortgages on residential property. The core business of the Bank involves the granting of mortgage loans for financing the purchase, construction, modernisation or extension of residential properties and acquiring mortgage loans secured on residential properties granted by PKO BP. The loans in the Bank's loan portfolio are denominated solely in PLN and as at the date of this Base Prospectus the Bank does not intend to grant or acquire loans denominated in currencies other than PLN (for details on the Bank's loan portfolio, see "*Business overview of the Bank*" and "*The Bank's cover pool*" below). The Bank is the sole entity in the Group authorised to issue covered bonds.

PKO BP is the largest bank in Poland and the sole shareholder of the Bank. As at 31 December 2024, based on the Group's financial statements, the Group's share in the Polish mortgage loan market was 29.4 per cent (share of sales of new mortgage loans in 2024).

PKO BP has established the Bank as an entity through which the Group could diversify the Group's sources of funding. The Group perceives the covered bonds issued by the Bank as an important source of long-term funding for the Group. Additionally, obtaining funds through issuances of covered bonds by the Bank enables the Group to reduce the maturity mismatch between the Group's assets and liabilities. For details on covered bonds issued by the Bank, see "*Covered bonds portfolio*".

The Bank was established on 24 October 2014. It is authorised to operate as a mortgage bank under the Polish Covered Bonds Act and is supervised by the KNF. The Bank is entered into the register of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under number 0000528469. The Bank's registered office is in Warsaw, Poland, at ul. Puławska 15, 02-515 Warsaw, and its telephone number is +48 22 521 57 50.

The Legal Entity Identifier (LEI) of the Bank is 259400ALN6AM4REPEA16. The website of the Bank is www.pkobh.pl. This website and any other websites referenced in this Base Prospectus are for information purposes only and do not form part of the Base Prospectus, with the exception of hyperlinks to the electronic addresses where information incorporated by reference is available.

As at the date of this Base Prospectus, the share capital of the Bank is PLN 1,611,300,000, which comprises 1,611,300,000 ordinary shares each with a nominal value of PLN 1.00 each. All of the Bank's shares are owned by PKO BP.

Ratings

Ratings assigned to PKO BP

PKO BP has been assigned ratings by Moody's as set forth in the table below:

Category	Rating	Outlook
Long-term deposit rating	A2	Stable
Short-term deposit rating	P-1	N/A
Senior unsecured MTN Program rating	(P)A3	N/A
Other short-term debt Program rating	(P)P-2	N/A
EMTN Programme Senior Non Preferred unsecured eurobonds	(P)Baa2	N/A
Junior senior unsecured (domestic)	Baa2	N/A
Senior unsecured (foreign)	A3	Stable
Long-term counterparty risk assessment	A2(cr)	N/A
Short-term counterparty risk assessment	P-1(cr)	N/A
Long-term counterparty risk rating	A2	N/A
Short-term counterparty risk rating	P-1	N/A
Baseline Credit Assessment	baa2	N/A

Source: PKO BP

Ratings assigned to the Bank

As at the date of this Base Prospectus, Moody's assigned the following ratings to the Bank and the covered bonds issued by the Bank:

Category	Rating	Outlook
International covered bonds issuance programme rating	Aa1	N/A
Domestic covered bonds issuance programme rating	Aa1	N/A

Category	Rating	Outlook
Long-term counterparty risk assessment	A2(cr)	N/A
Short-term counterparty risk assessment	P-1(cr)	N/A
Long-term Bank's rating	A3	N/A
Short-term Bank's rating	P-2	Stable
Long-term counterparty risk rating	A2	N/A
Short-term counterparty risk rating	P-1	N/A

Description of the Group and the Bank's position within the Group

The Bank is solely owned by PKO BP and is a member of the Group. The Bank has no subsidiaries. The Group is one of the largest financial services groups in Poland and one of the largest financial groups in Central and Eastern Europe. The Group provides a comprehensive range of banking services and other financial products to individuals, corporate clients and public sector entities. Poland is the Group's main market, but the Group is also active in the Ukrainian market, has branches in Germany, Czech Republic and Slovakia and subsidiaries in Ireland and Sweden. Based on the analysis of the financial statements of banks operating in Poland, the Bank estimates that it is the largest bank in Poland in terms of the scale of operations, equity, loans, deposits, number of customers and the size of the distribution network.

As at 31 December 2024, PKO BP serviced approximately 12.1 million customers (increase by 0.2 million y/y) and provided PLN 286 billion financing to them (increase by 8.8% y/y).

The Group's range of products and services for corporate clients comprises of business accounts, local and foreign transfers, payment cards, cash services and liquidity management products. The Group also offers a variety of lending products, hedging instruments, services relating to capital markets and mergers and acquisitions, as well as factoring and leasing.

With 899 retail branches, 249 agencies and 3,068 ATMs as of the end of 2024, PKO BP has the largest and most extensive distribution network for banking products and services in Poland which enables it to attract and service clients throughout Poland. As at 31 December 2024 PKO BP employed 25.8 thousand full-time equivalent staff and employees.

The Group holds a leading position in the Polish housing mortgage loan market in terms of outstanding volume and new sale and its share in new sales of mortgage loans to retail banking customers amounted to 29.4per cent. as at 31 December 2024. PKO BP has a legacy portfolio of CHF- denominated mortgage loans, the active selling of which has been materially restricted since the fourth quarter of 2008.

Business overview of the Bank

Spheres of activity

The Bank's business activities as a Polish mortgage bank are subject to the Polish Covered Bonds Act. According to its Statute, the Bank's business activities include: (i) granting mortgage loans; (ii) purchasing loans of the type referred to in (i) above from other banks; (iii) issuing mortgage covered bonds; (iv) issuing bonds; (v) taking out loans; and (vi) managing the receivables of the Bank. The Bank does not accept deposits.

The Bank focuses its business activity on granting mortgage loans for residential purposes, acquiring mortgage loans for residential purposes granted by PKO BP, issuing covered bonds to finance or refinance the mortgage loans in the Bank's portfolio and entering into derivative transactions required by law. As at the date of this Base Prospectus, the Bank does not grant or acquire commercial mortgage loans and the Bank does not purchase loans from banks other than PKO BP.

The Bank provides and acquires mortgage loans to individuals to finance their housing needs, i.e. to finance the purchase of an apartment or a house. Loans granted by the Bank are denominated solely in PLN.

At the end of the first half of 2021, the Bank implemented the possibility of changing the floating interest rate to periodically fixed rate over a period of five years of lending for all clients. Thus, the Bank currently offers loans newly granted with variable interest rates and loans with an interest rate based on a five-year fixed base rate, and also allows changing the interest rate on loans from variable interest rate to fixed interest rate over a period of five years. Once the first five-year period lapsed, the interest of the loan is changed to the WIBOR-based floating rate, unless a client applies for the extension of the fixed interest rate period for another five years.

The maximum amount of a loan at the time of granting the loan may not exceed:

- 100 per cent. of the mortgage lending value of the property; or
- 80 per cent. of the current or future value of the property which serves as collateral for the loan if the borrower made his own contribution towards the purchase price of the property or 90 per cent., if the borrower took an insurance of its contribution towards the purchase price of the property.

Loans granted or acquired by the Bank may be secured by mortgages entered in the land and mortgage register with the highest priority.

The value of the property, i.e. the mortgage lending value of the property, is determined in a strictly prescribed form in accordance with the "*Rules for determining the mortgage lending value of the property*", approved by the KNF.

Additionally, the Bank's claims under the loans are secured by an assignment of the borrower's pecuniary claims under the insurance policy against fire and other accidents relating to the property on which the mortgage is or will be established.

The Bank's business activity is subject to a number of restrictions and the Bank must regularly conduct several tests to confirm that its activities comply with the regulatory restrictions and requirements. The Bank follows the regulatory requirements and performs all required tests. For a description of these restrictions and tests, see "*Overview of the Polish Covered Bonds Legislation.*"

From time to time the Bank may execute foreign exchange transactions and may enter into hedging transactions to hedge interest rate and foreign currency risks. Additionally, under the Polish Covered Bonds Act, the Bank must hedge its foreign currency risk coming from the issuance of covered bonds.

The Bank's strategic position in the Group

The Bank is a specialised mortgage bank which grants mortgage loans for housing purposes, purchases receivables under mortgage loans for housing purposes from the Bank and issues covered bonds.

Cooperation between the Bank and PKO BP in mortgage loan origination and acquisition of mortgage loans

The Bank's operations are based on maximum possible operational integration with PKO BP. The Bank benefits from the Group's leading position in the Polish residential mortgage loan market and the Group's extensive distribution network which ensures a stable flow of mortgage loans to the Bank. Additionally, the Bank has access to PKO BP's know-how resources relating to granting mortgage loans to individuals and to risk models developed by the Group. The Bank closely cooperates with PKO BP in originating new mortgage loans and acquiring mortgage loans from PKO BP. This cooperation is based on two models:

- the agency model (sale of new loans); and
- the pooling model (transfer of existing loans).

In its business activity, the Bank benefits from PKO BP's know-how and resources, made available to the Bank under the Outsourcing Agreement and the Framework Agreement, entered into between the Bank and PKO BP.

During the proceedings at the KNF concerning the establishment of the Bank, PKO BP declared to the KNF that it will provide the Bank with financial support. PKO BP also committed to the KNF to maintain the Bank's liquidity and capital adequacy ratios above the applicable regulatory limits.

The Outsourcing Agreement

The Outsourcing Agreement covers the following areas of cooperation between the Bank and PKO BP:

- originating new mortgage loans under the agency model:
    - the utilisation by the Bank of the Group's sales network to sell mortgage loans;
    - both the Bank and PKO BP offer the same residential mortgage loan product dedicated to individuals; a client applying for a loan submits one credit application to both banks;
    - information which is the basis for PKO BH's credit decision is prepared by PKO BP;
- post-sales services for loans granted by the Bank and loans purchased by the Bank from PKO BP under the pooling model:
    - post-sales services which have no impact on the risk associated with the loan, i.e. providing information on loan account balance, and providing updates on upcoming payments, are outsourced to PKO BP and are performed by PKO BP branches as well as through internet banking and PKO BP's client contact centre;
- access to PKO BP's know-how and other resources:
    - the Bank outsourced its back-office functions as well as processing settlements, payments, reconciliation of accounts and administrative support to PKO BP;
    - both the Bank and PKO BP use the same risk evaluation tools and models for the sales and risk evaluation processes;

- both the Bank and PKO BP use the same IT systems in certain areas, however, the systems used by each bank store separate data and have separate access controls;
- the Bank uses the same suppliers as PKO BP and usually benefits from supply and services agreement entered into by PKO BP for the benefit of the whole Group.

PKO BP supports the Bank in operational aspects only. The Bank independently makes all decisions relating to its business activities and its credit process.

The Framework Agreement

The Framework Agreement regulates the transfers of mortgage loans from PKO BP to the Bank. The loans are transferred in tranches and each tranche is transferred to the Bank under a separate transfer agreement. An independent expert separately evaluates each tranche of loans.

The agency model

The agency model is governed by the Outsourcing Agreement. Under the agency model, PKO BP sells and markets the mortgage loans originated by the Bank through the PKO BP distribution network.

The Outsourcing Agreement sets out, among other, the following main criteria for loans sold through the PKO BP distribution network:

The principal amount of the loan to the market value of the property (taking into account the insurance of the borrower's contribution towards the purchase price of the property):	Maximum 90%
The principal amount of the loan to the mortgage lending value:	Maximum 100%
Title to the property:	Ownership
Security interest:	Mortgage with the highest priority
Currency:	PLN
Purpose of the loan:	Residential

Under the agency model, a potential borrower's loan application is reviewed by both the Bank and PKO BP. If the borrower applies for a PLN-denominated loan that satisfies the agreed criteria, the loan may granted by the Bank. The pricing of the loans offered by the Bank is the same as pricing of the mortgage loans offered by PKO BP. Therefore, from the borrower's perspective, there is no material difference between obtaining a mortgage loan from the Bank and from PKO BP.

The pooling model

Under the pooling model, the Bank purchases from PKO BP mortgage loans originated by PKO BP. The purchase of mortgage loans from PKO BP is governed by the Framework Agreement. The mortgage loans which the Bank acquires from PKO BP must satisfy, among other things the following criteria:

The principal amount of the loan to the mortgage lending value:	Maximum 100%
Title to the property:	Ownership
Security interest:	Mortgage with the highest priority
Currency:	PLN
Arrear:	None
Purpose of the loan:	Residential

Post-sale and support services

Following the sale or transfer of a mortgage loan, PKO BP is responsible for dealing with the customers, managing their loan accounts and providing information on the customers during the term of the loans (both originated by the Bank and acquired by the Bank from PKO BP). These services are conducted by PKO BP under the Outsourcing Agreement.

The Bank's strategy for the years 2023-2025

In the first quarter of 2023, the Bank's Management Board adopted and the Bank's Supervisory Board approved the Bank's updated strategy for the years 2023-2025. The Bank's strategic goals set out in the new strategy are: (i) raising medium and long-term funding in the form of covered bonds for real estate lending; (ii) undertaking actions on sustainable development in the context of ESG; (iii) optimised use of assets and competences, among others, to achieve synergies within the Group; (iv) maintaining a safe level of risk in the Bank's activities; and (v) initiating industry-relevant regulatory changes and cooperation with mortgage banks.

The Bank implements the strategy by undertaking a number of strategic initiatives in the above areas, and the level of implementation is supervised by the Management Board and the Supervisory Board.

The selected initiatives focus on ESG-related aspects, such as the creation of an ESG competence centre at the Bank, the implementation of a modified financing offer for "green" residential real estate, the implementation of external communication in the field of customer education, including participation in the project to build an educational platform as part of the Digital Mortgage Project, but are also related to the optimization and automation of processes, or the development of a consistent (friendly and transparent) mortgage contract template.

The Bank's cover pool

All loans in the Bank's cover pool are PLN-denominated mortgage loans granted to private individuals. The nominal value of loans entered in the Bank's cover pool representing collateral for the covered bonds issued totalled PLN 15,372.4 million at 31 December 2024.

As of the end of the first half of 2021, the Bank implemented an option allowing changing interest rates from variable to periodically fixed over five years of the loan (annexing the loan contract) for the whole loan portfolio. Therefore, the Bank's offer includes newly issued loans bearing a variable interest rate and a rate based on a fixed five-year base rate, and allows changing the manner of charging interest on the loans from variable to fixed during a period of five years.

However, as at 31 March 2025, 87.0% of the loans in the cover pool were floating rate loans with the interest rate based on WIBOR for three and six months, while 13.0% of the loans were fixed rate loans. As at 31 December 2024, the average contractual maturity of loans in the cover pool was 231.4 months (weighted average).

The Polish Covered Bonds Act sets out the detailed eligibility criteria for a loan to be included in the cover pool. For a description of this criteria see "*Overview of the Polish Covered Bonds Legislation – Composition of the Cover.*"

The Bank publishes periodically disclosure reports (*raporty ujawnień*) regarding issuances of the mortgage covered bonds by the Bank and the structure of its loan portfolio. The reports are prepared in HTT format, in line with Covered Bond Label requirements. Please also see "*General – Post-issuance information.*"

Covered bonds portfolio

The following table shows the outstanding covered bonds issued by the Bank as at the date of this Base Prospectus:

Series	Principal	Issue date	Maturity date	Coupon	Listing
			(denominated in PLN)		
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
9	500,000,000	9 February 2023	9 February 2026	WIBOR3M + 0.85%	Luxembourg, Warsaw
10	500,000,000	29 June 2023	29 June 2026	WIBOR3M + 0.78%	Luxembourg, Warsaw
11	750,000,000	2 November 2023	2 November 2026	WIBOR3M + 0.78%	Luxembourg, Warsaw
12	1,000,000,000	22 March 2024	22 March 2028	WIBOR3M + 0.55%	Luxembourg, Warsaw
13	500,000,000	5 July 2024	4 July 2028	WIBOR 3M + 0,55%	Luxembourg, Warsaw
14	500,000,000	24 October 2024	24 October 2028	WIBOR 3M + 0,70%	Luxembourg, Warsaw
14 – II tranche*	500,000,000	27 December 2024	24 October 2028	WIBOR 3M + 0,70%	Luxembourg, Warsaw
15	800,000,000	27 February 2025	27 February 2029	WIBOR 3M + 0,80%	Luxembourg, Warsaw
			(denominated in EUR)		
8	500,000,000	4 July 2022	25 June 2025	2.125%	Luxembourg, Warsaw

**On 27 January 2025, the second tranche of covered bonds series 14 was assimilated with the securities of the base issue, i.e. tranche I.*

The PLN-denominated covered bonds were issued under the Bank's domestic issuance programme, except for Series 9 Covered Bonds due 9 February 2026, Series 10 Covered Bonds due 29 June 2026, Series 11 Covered Bonds due 2 November 2026 and Series 12 Covered Bonds due 22 March 2028, Series 13 Covered Bonds due 4 July 2028, Series 14 Covered Bonds due 24 October 2028, Series 14 – II tranche Covered Bonds due 24 October 2028, and Series 15 Covered Bonds due 27 February 2029 which were issued under the Programme.

Other sources of financing

Apart from issuing covered bonds, the Bank raises financing through:

- issuances of short and medium-term bonds under the Bank's PLN 6.0 billion bond programme;
- loans and credit facilities;
- the deferred payment of purchase price for loans acquired from PKO BP.

Under the Polish Covered Bonds Act, the Bank's obligations under outstanding bonds and loans and credit facilities cannot exceed ten times the Bank's own funds.

As at 31 December 2024, the aggregate principal amount of bonds issued by the Bank was PLN 2,760.5 million and the liabilities related to loans and credit facilities was PLN 5,342.8 million.

Risk Management

Introduction

Risk management is a key internal process within the Bank. It is aimed at ensuring the profitability of business activity by ensuring control of the risk level and maintaining it within the risk tolerance and system limits applied by the Bank in a changing macroeconomic and legal environment. The expected level of risk plays an important role in the Bank's planning process.

As a result of the statutory restrictions on activities that may be pursued by mortgage banks, the Bank's asset-liability structure is distinct from that which generally characterises the Polish banking system. The Bank's asset side consists predominantly of mortgage loans. The Bank's liabilities consist of covered bonds issued by the Bank, liabilities under deferred payments, bonds issued by the Bank and credit facilities granted to the Bank.

Risk management within the Bank is based on the following principles:

- the risk management process, including the loan process, is defined and regulated by strategies, policies and procedures adopted by the Bank's Management Board and Supervisory Board;
- the Bank manages all identified types of banking risks and performs an ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process) wherein:
    - the risk management process is appropriate to the scale of operations and to the significance, scale and complexity of a given risk, and tailored to new risk factors and sources on a current basis; and
    - the risk management methods, the models and their assumptions, and the risk measurement systems are tailored to the scale and complexity of the risk, and are periodically verified and validated;
- having the organizational structure that ensures the independence of the risk area, including the separation of the real estate valuation and credit decision-making processes from the Bank's business activities;
- integration with the planning and controlling systems and supporting the implementation of the Bank's strategy in compliance with the risk management strategy, particularly in terms of risk tolerance levels; and
- the risk management process is consistent with the Group's principles of risk management, including the usage of the Group's risk and valuation models, modified to reflect the nature of activities of the Bank and approved by the Bank's Management Board and Supervisory Board.

Guidelines and methodologies for measuring risk as well as assumptions for scenario analyses have been approved by the Management Board and are subject to regular review, taking into account the economic and financial environment, interest rate outlook, and the overall level of market risks affecting the Bank's on and off-balance sheet transactions. The Bank's guidelines and methodologies for measuring risk are aligned with the guidelines and methodologies for measuring risk introduced by the Group.

Risk management process

The process of risk management in the Bank consists of the following elements:

- risk identification: the identification of actual and potential sources of risk and assessing the materiality of their potential influence on the given type of risk and on the financial position of the Bank. As part of the risk identification process, material types of risk for the Bank's activities are identified. The different risks assessments are reviewed at least once a year for their materiality;
- risk measurement or assessment: risk measurement covers the determination of risk measures adequate to the type and materiality of the risk, data availability and quantitative risk assessment by means of set measures, and risk assessment covers identifying the scale of risk, taking into account risk management goals. Stress tests are carried out as part of risk measurement, with a view to determining the potential impact of adverse changes in the Bank's environment and operations on its financial position;
- risk control: consists of determining the tools to be used to diagnose or mitigate the level of risk in specific areas of the Bank's activity. Risk control comprises determining risk controls appropriate for the scale and complexity of the Bank's operations, in particular in the form of strategic tolerance limits for individual types of risks subject to monitoring, and in the event that these are exceeded, management actions are taken;

- risk forecasting and monitoring: preparing forecasts and monitoring deviations from forecasts or adopted reference points (e.g. limits, thresholds, plans, measures from the previous period, recommendations) and stress testing. Risk monitoring is performed with a frequency appropriate to the materiality and volatility of a specific risk type;
- risk reporting: regularly informing the authorities of the Bank about the results of risk measurement, actions taken and recommended actions. The scope, frequency and the form of reporting are adjusted to the management level of the recipients; and
- management actions: including, in particular enacting internal regulations, specifying the risk tolerance level, establishing limits and thresholds, issuing recommendations, taking decisions, including about the use of tools supporting risk management. The objective of management actions is to shape the risk management system and risk levels.

The risk management process is supervised by the Supervisory Board of the Bank, which is informed on a regular basis about the risk profile of the Bank and the most important activities conducted concerning risk management.

The Bank's Management Board is responsible for risk management, including supervising and monitoring the activities conducted by the Bank concerning risk management. The Bank's Management Board takes the most important decisions affecting the risk profile of the Bank and adopts internal regulations concerning risk management.

The risk management process is executed in three mutually complementing levels. The first level consists of organizational structures managing the product, organizing the sale of products and customer service as well as other organizational units carrying out operational tasks generating risk, operating on the basis of internal regulations.

The second level covers the activity of the compliance unit and the identification, measurement or assessment, control, monitoring and reporting of risk and the identified threats and irregularities - the tasks are carried out by specialized organizational units operating on the basis of the Bank's internal regulations. The purpose of these units is to create internal regulations defining the principles, methods, tools and procedures for risk management as well as measuring the effectiveness of operations.

The third level is the activity of the internal audit unit performing independent audits of the elements of the Bank's management system, including the risk management system and the internal control system. Internal audit functions separately from the first and second level.

The independence of the abovementioned levels is achieved by preserving organizational independence in the following areas:

- the function of the second line of defence in creating systematic solutions is independent of the function of the first line of defence;
- the function of the third line of defence is independent of the functions of the first and second lines of defence.

Mortgage lending value

Due to the asset structure of the Bank, the process of assessing the mortgage lending value of a property is critical to the operations of the Bank.

The Bank's policy with respect to credit security and its valuation is based on the Polish Covered Bonds Act, the Banking Law and the Act on Land and Mortgage Register and Mortgages dated 6 July 1982 (*ustawa z dnia 6 lipca 1982 r. o księgach wieczystych i hipotece*). The Bank's policy also takes into account the KNF's guidelines.

The Bank has in place and applies the Mortgage Lending Value Calculation Rules approved by the KNF and issued in accordance with the Polish Covered Bonds Act and KNF recommendations.

The mortgage lending value determined by the Bank reflects the long-term risk associated with property serving as collateral for loans advanced by the Bank and is used to calculate the maximum amount of a loan secured by a mortgage over a given property or to decide whether a loan secured by this property can be purchased by the Bank.

The Bank calculates the mortgage lending value based on an expert's opinion, prepared with due care and diligence, taking into account only those characteristics of the property and expenditure necessary to build it which are permanent and can be obtained by any owner of the property assuming its reasonable use. The expert's opinion, prepared as at a specific date, presents the assumptions and parameters based on which the analysis was made, the calculation process and the proposed mortgage lending value. The opinion takes into account the analyses and forecasts of the parameters specific to a given property which are material for credit risk assessment, as well as general factors, such as population growth, unemployment rate, and regional and urban development.

The mortgage lending value of a property for loans originated by the Bank and sold through the PKO BP distribution network is determined in the following stages:

Stage	Description
Preparing the mortgage lending value valuation	The valuation is prepared by a property appraiser with appropriate experience and the ability to estimate banking risk in connection with securing residential mortgage loans or a dedicated organizational unit of the Bank – the Collateral Valuation Team at the Loan Office, based on the report from the inspection of the real estate prepared by a property appraiser.
Reviewing the valuation	The valuation is reviewed by PKO BP under the Outsourcing Agreement, or a dedicated organizational unit of the Bank: the Collateral Valuation Team at the Loan Office.
Final review of the valuation and determining the mortgage lending value of the property	A dedicated organizational unit of the Bank: the Collateral Valuation Team at the Loan Office conducts a final review of the valuation and determines the final mortgage landing value of the property.

The mortgage lending value of a property for loans acquired by the Bank from PKO BP is determined in the following stages:

Stage	Description
Legal due diligence of the real property	PKO BP conducts a legal due diligence of the real property encumbered with the mortgage.
Preparing a report on the property and a market report	An external expert who has demonstrated to the Bank sufficient experience and skills in estimating banking risk associated with securing mortgage loans prepares a report on the property and a market report.
Preparing the mortgage lending value valuation	A dedicated organizational unit of the Bank: the Collateral Valuation Team at the Loan Office prepares the mortgage lending value valuation.
Final review of the valuation and determining the mortgage lending value of the property	A dedicated organizational unit of the Bank: the Collateral Valuation Team at the Loan Office, conducts a final review of the valuation and determines the final mortgage lending value of the property.

The processes of preparing an mortgage lending value valuation expert opinion and setting the mortgage lending value of a property described above are executed by two independent individuals.

Trend information

There have been no trends, uncertainties, demands, commitments or events since the date of the Banks's last published audited financial statements that would reasonably be likely to a have a material effect on the Bank, or the Bank's prospects.

Material Contracts

The Bank has not entered into any material contracts outside of its ordinary course of business which could result in the Bank being under an obligation, or having any entitlement, that is material to the Bank's ability to perform its obligations.

MANAGEMENT OF THE BANK

General

The Bank is a joint-stock company (*spółka akcyjna*) operating under Polish law. The Bank, its management and the Bank's corporate setup are governed by the Statutes of the Bank. The business address of all members of the Bank's Management Board is ul. Puławska 15, 02-515Warsaw, Poland. The business address of all members of the Bank's Supervisory Board is ul. Puławska 15, 02-515Warsaw, Poland.

Management structure and committees

The Management Board represents the Bank in all matters and is responsible for its day-to-day management. The Supervisory Board is responsible for overseeing the operations of the Bank. The Supervisory Board is not responsible for the management of the Bank, but certain decisions require the Supervisory Board's approval.

There are four committees within the Supervisory Board: the Audit and Finance Committee, the Remuneration and Nomination Committee, the Commercial Committee, and the Risk Committee. The Audit and Finance Committee supports the Supervisory Board in reviewing the financial standing of the Bank as well as the Bank's internal control system. The Remuneration and Nomination Committee is responsible for preparing the remuneration policy concerning the key personnel of the Bank. It also reviews the candidates for management positions at the Bank and prepares an annual assessment to confirm that the Management Board members have the skills and competencies required to hold their positions on the Management Board. The Commercial Committee supports the Supervisory Board in reviewing the outsourcing arrangements between the Bank and PKO BP. It also evaluates and approves products to be offered by the Bank and opines on the Bank's pricing policy. The Risk Committee is responsible for supporting the Supervisory Board in overseeing the Bank's risk management system.

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 three-year term. There are no restrictions on reappointment of members of the Management Board. As at the date of the Base Prospectus, the members of the Management Board are:

Name	Year of birth	Position	Commencement of membership on the Management Board	Commencement of current term of office*	Date of expiration of current term of office**
Wojciech Papierak	1967	President of the Management Board	10 August 2024***	1 July 2023	Ordinary General Meeting approving the Financial Statements for 2026
Katarzyna Kurkowska-Szczechowicz	1973	Vice President of the Management Board	10 August 2024****	1 July 2023	Ordinary General Meeting approving the Financial Statements for 2026
Piotr Kochanek	1980	Vice-President of the Management Board supervising the management of significant risks in the Bank's operations	1 January 2019	1 July 2023	Ordinary General Meeting approving the Financial Statements for 2026
Michał Stępniewski	1974	Vice President of the Management Board	1 March 2025	1 July 2023	Ordinary General Meeting approving the Financial Statements for 2026

** The term of office of the Management Board is joint, commences simultaneously for all members, and covers a period of three full consecutive financial years.*

*** 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.*

**** Starting from 10 August 2024 as Vice President of the Management Board directing the work of the Management Board and, subject to approval of the Polish Financial Supervision Authority, as President of the Management Board, starting from the date of such approval.*

***** In the period from 27 January 2023 to 9 August 2024 as President of the Management Board and starting from 10 August 2024 as Vice President of the Management Board.*

The Bank is not aware of any potential conflicts of interests between any duties to the Bank of the members of the Management Board and their private interests and/or other duties.

Wojciech Papierak

Mr Wojciech Papierak is a lawyer and manager with experience in banking and capital markets.

He obtained a master's degree in law from the University of Łódź. Associated with banking since 1993. He gained his first experience while working in a bank branch and worked his way up the career ladder in various institutions and areas in the following years, up to serving on the management boards and supervisory boards of several banks (Nordea Bank Polska S.A., PKO BP, FM Bank PBP S.A., Plus Bank S.A.).

He has experience in change management in companies. He has created and implemented product and sales strategies in banking. He has been involved in the restructuring, creation and management of shared services centers and M&A and IPO projects and has management skills enabling the preparation and implementation of business strategies resulting in the development of the companies he has managed.

Currently, Mr Wojciech Papierak is also a Supervisory Board Member and Chairman of the Audit Committee of TOYA S.A. in Wrocław. He has served on the Supervisory Board of TOYA S.A. since 2017.

Katarzyna Kurkowska-Szczechowicz

Ms Katarzyna Kurkowska-Szczechowicz holds a master’s degree in economics from the Warsaw School of Economics, majoring in finance and banking, and a master’s degree in law from the Faculty of Law and Administration at the University of Warsaw. She is a graduate of the Executive MBA Program at Aalto University. Ms Kurkowska-Szczechowicz has been associated with the financial market for over 20 years. She has worked at PKO BP since 2012, among others, serving as Director of the Risk Centre and later the Internal Audit Department. She has participated in a number of projects including the establishment of the Bank and in a project to develop an audit model based on a methodology for continuous risk assessment and control mechanisms using statistical methods and artificial intelligence. She has been responsible for implementing new processes, including solutions using statistical methods and robotics.

She has many years of managerial experience and has held numerous managerial positions in financial institutions, including as director of various risk departments. As a manager at EY, she carried out projects for entities in the financial sector. She has been a member of risk committees for many years.

Ms Katarzyna Kurkowska-Szczechowicz was also a member of the Supervisory Board of the Credit Information Bureau. She has participated in a number of training courses both at home and abroad.

Piotr Kochanek

Mr Piotr 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 the 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.

He is a top specialist in the area of measurement and analysis of financial risk in banking operations.

Michał Stępniewski

Mr. Michał Stępniewski is a graduate of the Faculty of Law and Administration at the University, a legal advisor, a graduate of British law studies at the University of Cambridge and the IESE Business School.

From 1997 to 2004, he was employed at the Polish Securities and Exchange Commission, holding positions ranging from assistant legal advisor to advisor to the Chairman and press spokesperson for the Commission. From 2004 to 2006, he was advisor to the Minister of the Treasury, head of the Minister’s office, and then Deputy Minister of the Treasury. In 2006-2009, he served as Vice-President of the Management Board of PKO Towarzystwo Funduszy Inwestycyjnych S.A. In

2010-2013, he was Dean of the District Chamber of Legal Advisers in Warsaw. From 2009 to 2024, he was Vice-President of the Management Board of Krajowy Depozyt Papierów Wartościowych S.A., where his responsibilities included supervising and conducting the company's financial policy.

Mr. Michał Stępniewski is currently Chairman of the Supervisory Board of Szpital Praski Sp. z o.o. and is involved in social work at the Stare Powązki Foundation, where he serves as Chairman of the Foundation Council.

Management Board Committees

As at the date of this Prospectus, the following Management Board committees are in place:

Asset and Liability Committee

The Asset and Liability Committee acts as a body supporting the process of managing liquidity risk, interest rate risk, business risk (including macroeconomic changes), currency risk, capital risk (including excessive financial leverage), as well as the risk of models used to measure them. As at the date of the Prospectus, the Asset and Liability Committee consists of among others Wojciech Papierak, Piotr Kochanek, Katarzyna Kurkowska-Szczechowicz and Michał Stępniewski.

The objective of the Asset and Liability Committee is to manage the Issuer's assets and liabilities by influencing the structure of the Issuer's balance sheet and off-balance sheet items in a manner conducive to achieving optimal financial results, as well as to manage the above-mentioned risks and the Issuer's capital adequacy.

Credit Committee

The Credit Committee supports the management of credit risk, concentration risk, residual risk and the risk associated with the models used to measure such risks. As at the date of the Prospectus, the Credit Committee consists of, among others Katarzyna Kurkowska-Szczechowicz and Piotr Kochanek.

The objective of the Credit Committee is to manage credit, concentration, and residual risks and the models used to measure them, as well as to manage the risk of losses resulting from incorrect business decisions based on credit risk models.

Operational Risk and Data Quality Committee

The Operational Risk and Data Quality Committee is responsible for the effective management of operational risk, increasing the security of the Issuer's operations. As at the date of the Prospectus, the Operational Risk and Data Quality Committee consist of, among others Wojciech Papierak, Katarzyna Kurkowska-Szczechowicz and Piotr Kochanek.

The objective of the Operational Risk and Data Quality Committee is primarily to:

- effective management of operational risk increasing the security of the Issuer's operations;
- outsourcing risk management;
- determining the directions of development of operational risk management;
- supervising the functioning of operational risk management, including tasks relating to ensuring the Bank's business continuity and the security of the IT and ICT environment;
- setting tasks in the event of emergencies putting the Issuer's image at risk, which could lead to operating losses;
- determining directions for activities in the area of data quality management and data architecture at the Issuer in the context of the Data Management System;
- supervising the functioning of the Data Management System, including assessing its effectiveness and the activities of individual organizational units of the Issuer;
- issuing recommendations to the relevant bodies of the Issuer, organizational units, members of the Issuer's Management Board, projects or task forces – within the scope of its competence.

Strategy and Business Initiatives Committee

The Strategy and Business Initiatives Committee determines the directions of strategic planning and management of the Issuer's strategy and IT strategy. As at the date of the Prospectus, the Strategy and Business Initiatives Committee consists of Wojciech Papierak, Katarzyna Kurkowska-Szczechowicz, Piotr Kochanek, and Michał Stępniewski.

The Strategy and Business Initiatives Committee is responsible in particular for the following activities:

- defining directions and monitoring the implementation of initiatives related to the implementation of the Issuer's strategy and IT strategy;

- defining directions for changes in the product offering and the credit process;
- defining directions for work on product profitability;
- managing reputational and compliance risk;
- issuing recommendations to the Issuer's competent bodies, organizational units, members of the Issuer's Management Board, projects or task forces – within the scope of its competence.

Green Covered Bonds Committee

The Green Covered Bonds Committee supervises the issuance of Green Covered Bonds, including determining the direction of changes to the rules for issuing Green Covered Bonds and assessing and selecting assets eligible for financing with Green Covered Bonds. As at the date of the Prospectus, the Green Bond Committee consists of, among others, Wojciech Papierak, Katarzyna Kurkowska-Szczechowicz and Piotr Kochanek.

The Green Covered Bonds Committee is responsible in particular for the following activities:

- reviewing materials relating to guidelines and principles established by the International Capital Markets Association (ICMA) for the green bond market, national regulations on applicable energy efficiency standards, reporting on the allocation of proceeds from the issue and the environmental impact of financing obtained through the issue of green covered bonds, in accordance with the Issuer's applicable covered bond issuance rules, and information materials for investors on green covered bonds;
- making decisions concerning the Issuer’s activities in the area of, among others, the assessment and selection of eligible loans in accordance with the methodology adopted by the Issuer and the adoption of rules for the issuance of Green Covered Bonds by the Issuer in accordance with the relevant guidelines;
- giving recommendations to the Issuer’s competent bodies, organizational units, members of the Issuer’s Management Board, project or task teams – within the scope of its competence.

Supervisory Board

The Bank’s Supervisory Board is responsible for overseeing the Bank’s operations. The Supervisory Board appoints the Management Board members and approves the Bank’s strategy and the Bank’s financial plans. The operations of the Supervisory Board are regulated by the by-laws of the Supervisory Board. The Supervisory Board consists of between five and nine members appointed by the Bank’s General Meeting for a joint three-year term. There are no limits on the reappointment of Supervisory Board members.

As at the date of this Base Prospectus, the Supervisory Board consists of the following members:

Name	Year of birth	Position	Commencement of membership	Commencement of current term	Date of expiration of the current term**
Marek Radzikowski	1979	President	19 August 2024	1 July 2023	Ordinary General Meeting approving the Financial Statements for 2026
Jakub Niesłuchowski***	1981	Vice-President	28 April 2022	1 July 2023	Ordinary General Meeting approving the Financial Statements for 2026
Lucyna Kopińska	1966	Member	1 September 2019	1 July 2023	Ordinary General Meeting approving the Financial Statements for 2026
Paweł Metrycki	1976	Member	30 March 2019	1 July 2023	Ordinary General Meeting approving the Financial Statements for 2026
Iwona Brzozowska-Poniedzielska	1977	Member	29 May 2024	1 July 2023	Ordinary General Meeting approving the Financial Statements for 2026
Robert Ciborowski	1967	Member	29 May 2024	1 July 2023	Ordinary General Meeting approving the Financial Statements for 2026

** The term of office of the Supervisory Board is joint, commences simultaneously for all members, and covers a period of three full consecutive financial years*

***The term of office covers three consecutive full financial years; the term of office of the Supervisory Board member expires on the date of the General Meeting approving the financial report for the third full financial year in which the term of office of the Supervisory Board was held.*

**** In the period from 28 April 2022 to 21 February 2024 as member of the Supervisory Board and starting from 22 February 2024 as Vice-President of the Supervisory Board.*

To the best of the Bank's knowledge, there are no potential conflicts of interest between the duties owed by the members of the Supervisory Board with respect to the Bank and their private interests or other duties.

Marek Radzikowski

Mr Marek Radzikowski holds a PhD in economics and is the head of the Economic Growth Research Department of the Warsaw School of Economics. Marek Radzikowski is also a lecturer on data science subjects and the author of many economic publications.

He completed his master's degree with distinction at the Warsaw School of Economics, majoring in finance and banking, and then completed MBA studies as part of the Community of European Management Schools (CEMS) program. He also studied at the Department of Economics of the Massachusetts Institute of Technology (MIT) in Cambridge, MA, and at the Erasmus University Rotterdam School of Management. He has received scholarships from the Fulbright U.S. Student Program, the Socrates/Erasmus programme, the Polish Ministry of National Education, and Dr. Irena Eris, and is also the winner of awards and distinctions including from the mayor of Warsaw, Top Ten, PwC and Europrimus.

He started his professional career as a leader of projects improving management processes in international corporations, and later as a senior economist and secretary of the Macroeconomic Council at the National Bank of Poland. He co-founded the Civic Development Forum (FOR) as deputy director of the analytical department and deputy chief economist, and then worked as head of the cabinet (head of advisors) of the Minister of Finance. He has also been an advisor to the Management Board of the Polish Bank Association, president of the Warsaw Banking Institute, and in recent years he served as Vice President at J.P. Morgan.

Currently, he is Vice-President of the Management Board of PKO BP in charge of the Operations and International Banking Area.

He is a member of the Society of Polish Economists and an expert at the Institute of Public Finance

Lucyna Kopińska

Ms. Lucyna Kopińska has over 30 years of experience in retail and corporate banking in the financial services sector. Most recently, she served as Director of the Mortgage Banking Department at PKO BP.

She also has experience in product management, process digitization, distribution model transformation, and distributed sales network management. She is the initiator and creator of the first innovative digital mortgage process on the market, "Cyfrowa Hipoteka" (Digital Mortgage).

Ms. Lucyna Kopińska sits on the presidium of the Real Estate Financing Committee at the Polish Bank Association. For many years, she has been promoting cooperation between business and the world of science by heading the work of the Council of the Kazimierz Wielki University in Bydgoszcz.

Long-standing member of the Supervisory Board of the Foundation for the Development of Cardiology and the Issuer.

Graduate of the Nicolaus Copernicus University in Toruń, Faculty of Economic Sciences, and an MBA program with a quality guarantee from the University of Northampton. Participant in numerous industry training courses and conferences.

Paweł Metrycki

For several years, Mr. Paweł Metrycki has been the Director of the Banking Risk Division, where he is responsible for managing credit, market, liquidity, operational and capital adequacy risks. Consistently pursuing the strategic objectives of risk mitigation, he carried out a number of projects to improve risk management processes, in particular credit risk, which enable proper addressing of customer needs and increased profitability while maintaining an acceptable level of risk. He managed both separate units and led and participated in a number of projects covering various areas of banking.He is a member of the key decision-making committees of PKO Bank Polski, including m.in the Credit Committee, the Assets and Liabilities Management Committee, and the Sustainable Development Committee.

In 2018, Mr. Paweł Metrycki passed the state exam for candidates for members of supervisory bodies. Currently, he is a member of the supervisory boards of: PKO Leasing S.A., PKO TU S.A., PKO Życie TU S.A., as well as PKO BH S.A.

He is a graduate of the Faculty of Economics and Sociology at the University of Lodz, the Warsaw School of Economics and the Frankfurt School of Finance & Management. He holds the title of Professional Risk Manager (PRM) and Master of Business Administration (MBA).

Jakub Niesłuchowski

Mr Jakub Niesłuchowski is a graduate of the Warsaw School of Economics in Finance and Banking. 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 responsible for i.a. covered bond issuance. 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 the 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.

Iwona Brzozowska-Poniedzielska

Ms Iwona Brzozowska-Poniedzielska holds a PhD in economics. She completed her doctoral studies at the Collegium of Management and Finance at the Warsaw School of Economics (WSE) in the field of economics. She is a graduate of postgraduate studies in Credit Risk Management organized by the WSE. She has also completed ACCA Postgraduate Studies in Accounting & Finance organized by the Business School of the Warsaw University of Technology.

Ms. Iwona Brzozowska-Poniedzielska has long-standing expert experience in the area of banking sector analysis, and financial market regulation design and analysis. She gained her professional experience in managerial positions in both the private sector, in the area of controlling and public administration, as well as in the banking sector – PKO BP. She managed the Banking Sector Division at the Ministry of Finance, with primary responsibility for regulations in the area of banking law, mortgages, covered bonds, non-performing loans, capital bonds and securitization.

From November 2017 to September 2021, she served as Deputy Chairman of the Examination Commission for Mortgage Loan Intermediary operating at the Polish Financial Supervision Authority. In 2019-2020, she was an observer at the Supervisory Committee of the GPW Benchmark S.A. for WIBOR/WIBID benchmarks. From March 2022 to January 2024, she held a position of a member of the Supervisory Board and of the Audit Committee of Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych. Currently she acts as Deputy Director in the Economic Analysis Department at the Ministry of State Assets.

Robert Ciborowski

Mr Robert Ciborowski is an economist, from the start of his scientific career closely involved with the University of Białystok. He is a Senior Lecturer at the University of Białystok and a visiting Lecturer at universities in Poland and many European countries (Belgium, Italy, Hungary and England). He completed scientific internships at the University of Sussex, Science Policy Research Unit (SPRU), Brighton in England. He has authored over 70 publications in the field of economics.

He participated both as an expert and coordinator in various research and implementations projects at regional (e.g. Regional Strategy for Innovation, e-Sudovia), national (e.g. TR@NSPOD – Partnership for Development in Podlaskie voivodeship, E-Podlaskie – Development Paths of the digital society in Podlaskie voivodeship) and international levels (e.g. Industry as a Stimulator of Technology Transfer dla NATO, VBN InnoReg, REDIS, U-Know). He has also carried out a number of national and international feasibility studies and economic analysis for the private sector.

He is an experienced supervisory board member and sat on the boards for PGE Dystrybucja Białystok (2009-10), PKS Białystok (2011-14) and Białystok Radio (2014-16).

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Supervisory Board Committees

Audit and Finance Committee

The Audit and Finance Committee consists of at least three members appointed by the Supervisory Board from among its members. As of the date of this Base Prospectus the Audit and Finance Committee consists of Iwona Brzozowska-Poniedzielska, Jakub Niesłuchowski and Robert Ciborowski.

The purpose of the Audit and Finance Committee is to support the Supervisory Board in carrying out its duties and supervisory control over financial reporting and disclosure by the Bank of financial information, corporate governance, monitoring the effectiveness of internal control, risk management as well as internal and external audit.

The Audit and Finance Committee is responsible in particular for the implementation of the following tasks:

- monitoring and periodically expressing opinions on: (i) the adequacy and effectiveness of the internal control and risk management system as well as internal audit, including in the area of financial reporting, (ii) the degree of effectiveness of compliance risk management by the Bank and the adequacy and effectiveness of the unit for compliance, (iii) application of the Principles of Corporate Governance for Supervised Institutions and the

introduction and application of internal governance at the Bank and the assessment of its adequacy and effectiveness, (iv) the adequacy and effectiveness of the procedure for anonymous reporting of breaches of law by employees and ethical procedures and standards applicable at the Bank - with using information obtained from the Bank, the Risk Committee, from an independent statutory auditor and other sources,

- expressing opinions on the proposed plan of annual and three-year internal audits,
- expressing an opinion on the Management Board's information on the functioning of the internal control system, the method of ensuring the independence of the internal audit unit and the compliance unit, as well as financial resources for the purpose of performing tasks and improving the qualifications and skills of employees of these units,
- monitoring the financial reporting process, including reviewing the Bank's interim and annual financial statements and expressing opinions on them,
- monitoring the performance of financial audit activities, in particular the audit carried out by the audit company, taking into account all requests and findings of the Audit Oversight Commission resulting from the inspection carried out in the audit company,
- controlling and monitoring the independence of the statutory auditor and the audit firm, including the assessment of independence threats and safeguards, in particular in the event that services other than auditing are provided to the Bank by the audit firm,
- obtaining an annual statement confirming the independence of the audit firm and persons auditing the Bank's financial statements,
- developing a policy for selecting an audit firm to conduct an audit and presenting recommendations to the Supervisory Board regarding the adoption of this policy,
- informing the Supervisory Board about the results of the audit and explaining how the audit contributed to the reliability of financial reporting at the Bank, and what was the Committee's role in the audit process;
- analysis of the effectiveness of the functioning of the internal control system and the credit risk management system in terms of the correct determination of the level of provisions for expected credit losses;
- ensuring that external companies involved in the development of IFRS 9 models and the process of estimating allowances for expected credit losses comply with all requirements regarding the auditor's independence;
- submitting to the Management Board and the Supervisory Board the additional report on the audit referred to in Art. 11 of Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014;
- submitting recommendations to the Supervisory Board to ensure the integrity of the financial reporting process;
- giving opinions on strategic and financial plans of the Bank;
- issuing opinions on resolutions of the Management Board regarding the internal control system, the approval of which is within the competence of the Supervisory Board,
- analysing information and periodic reports in the area of individual elements of the internal control system;
- supervising and monitoring the Issuer’s activities in the area of anti-money laundering and counter-terrorist financing by analysing quarterly reports, the annual report on the performance of the AML/CFT Coordinator’s tasks, and information contained in the Issuer's Money Laundering and Terrorist Financing Risk Assessment;
- expressing opinions on the effectiveness of the Issuer's activities in the area of anti-money laundering and counter-terrorist financing;
- meeting with the head of the finance and accounting unit at least once a year;
- meeting at least once a year with the head of the internal audit unit and the head of the compliance unit - without the participation of members of the Bank's Management Board;
- issuing opinions on the appointment and dismissal and the amount of remuneration of the head of the internal audit unit and the head of the compliance unit.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of at least two members appointed by the Supervisory Board from among its members. As of the date of this Base Prospectus the Remuneration and Nomination Committee is composed of Marek Radzikowski and Jakub Niesłuchowski.

The purpose of the Remuneration and Nomination Committee is to support the Supervisory Board in the performance of its statutory duties and tasks arising from the law, in particular in the area of ensuring suitability (experience and knowledge) of the Bank's Management Board members (recruitment and monitoring of suitability), rules for remunerating members of the Bank's Management Board, as well as general principles of the remuneration persons whose activities have a significant impact on the risk profiles at the Bank.

The Remuneration and Nominations Committee is responsible in particular for the following tasks:

- making an annual assessment of the structure, size, composition and effectiveness of the Issuer's Management Board and recommending possible changes to the Supervisory Board in this regard,
- assessing the knowledge, competences and experience of the Issuer's Management Board as a whole and individual Members of the Management Board once a year and informing the Management Board of the results of this assessment,
- periodically reviewing the Policy regarding the assessment of suitability of candidates for Members of the Management Board, Members of the Management Board and persons performing key functions and presenting recommendations to the Management Board in this regard,
- recommending candidates for Members of the Management Board and the scope of their duties,
- submitting to the Supervisory Board proposals regarding appropriate forms of contracts with members of the Issuer's Management Board,
- issuing opinions on the Code of Ethics and the Rules of Conflict of Interest Management,
- issuing opinions on applications for consent for a member of the Management Board to engage in competitive activity or participate in a competitive company as a partner in a civil law partnership, partnership or as a member of a body of a capital company, or participate in another competitive legal person as a member of its body,
- issuing opinions and periodically reviewing, subject to approval by the Supervisory Board, the general principles of the remuneration policy for persons whose activities have a significant impact on the Bank's risk profile,
- support for the Supervisory Board in the process of issuing opinions on the functioning of the remuneration policy at the Issuer and reporting to the General Meeting in this respect,
- giving opinions on and monitoring variable remuneration components of persons whose activities have a significant impact on the risk profile at the Issuer, responsible for risk management at the second level, managing the compliance unit and managing the internal audit unit,
- issuing opinions on the amount of fixed remuneration for the head of the internal audit unit and the head of the compliance unit,
- issuing opinions on the detailed rules and procedure for conducting the qualification procedure for a member of the Issuer's Management Board and assessing the suitability of members of the Issuer's Management Board,
- preparation and implementation, also with the possibility of support from external, independent entities, of a program to improve the qualifications of members of the Supervisory Board.

Risk Committee

The Risk Committee consists of at least two members appointed by the Supervisory Board from among its members. As of the date of this Base Prospectus the Risk Committee is composed of Paweł Metrycki, Lucyna Kopińska and Iwona Brzozowska-Poniedzielska..

The purpose of the Risk Committee is to support the Supervisory Board in the performance of control and supervisory duties over the functioning of the risk management system, as well as the ongoing monitoring of the functioning of the system.

The Risk Committee is responsible in particular for the following tasks:

- giving opinions on the Bank's overall current and future readiness to take risks,
- issuing opinions on the risk management strategy in the Bank's operations developed by the Bank's Management Board and information on the implementation of this strategy submitted by the Management Board,
- supporting the Bank's Supervisory Board in overseeing the implementation of the risk management strategy in the Bank's operations by senior management,
- verifying whether the prices of liabilities and assets offered to customers fully reflect the Bank's business model and its risk management strategy, and if these prices do not adequately reflect the types of risk in accordance with this

model and strategy, submitting proposals to the Management Board of the Bank to ensure adequacy prices of liabilities and assets to types of risk,

- monitoring compliance of the Bank's risk-taking policy with the strategy and financial plan,
- analysing periodic risk-related reports, including the level of use of strategic risk tolerance limits and developing appropriate guidelines based on them,
- issuing opinions on capital adequacy, creditworthiness assessment rules, risk measurement models, impairment measurement model,
- issuing opinions on the principles of information policy in the field of capital adequacy, capital adequacy management, liquidity risk, operational risk, model risk and impairment measurement, issuing opinions on the draft Regulations for Determining the Banking and Mortgage Value of Real Estate,
- providing the Audit and Finance Committee with information relevant to monitoring the effectiveness and adequacy of the Bank's risk management system,
- assessment of information received about potential non-compliance with the Bank's management strategy, risk management strategy, risk appetite and other policies approved by the Bank's Management Board.

Commercial Committee

The Commercial Committee consists of at least two members appointed by the Supervisory Board from among its members. As of the date of this Base Prospectus, the Commercial Committee consists of Jakub Niesłuchowski, Lucyna Kopińska and Marek Radzikowski.

The purpose of the Commercial Committee is to support the Supervisory Board in the performance of its statutory duties and tasks stemming from applicable laws.

The Commercial Committee is responsible in particular for the following tasks:

- evaluating the results of the review of the functioning of cooperation agreements concluded between PKO BP and the Bank;
- giving opinions on material changes in the criteria for qualifying the Bank’s products;
- giving opinions on the assumptions concerning the introduction of a new product to the Bank’s offer and the directions of changes in the Bank’s product offer; and
- monitoring and supervision of outsourcing internal processes.

Cover Pool Monitor

As at the date of this Base Prospectus, upon application by the Supervisory Board, the KNF appointed Mr Tadeusz Swat as Cover Pool Monitor and Mr Grzegorz Kędzia as Deputy Cover Pool Monitor. The Cover Pool Monitor’s responsibilities are described in “*Overview of the Polish Covered Bonds Legislation*” below.

Tadeusz Swat

Mr Tadeusz Swat graduated from the Faculty of Construction Economics of the Central School of Planning and Statistics in Warsaw (currently the Warsaw School of Economics) and completed post-graduate studies in Investment Efficiency and Banking at the same school.

He completed internships in France and the Netherlands, at institutions involved in financing residential development and carrying out residential development projects. He worked for PKO BP for over 20 years, as Deputy Department Director, Department Director and Residential Claims Centre Director, and was responsible for various aspects of financing residential properties.

Grzegorz Kędzia

Mr Grzegorz Kędzia graduated from the Faculty of Economics and Sociology of the University of Łódź and completed post-graduate studies in property valuation at the Warsaw University of Technology. He completed his property valuation internship at Instytut Doradztwa Majątkowego. Mr Kędzia has been involved in mortgage banking since 2001. He worked as a mortgage loan analyst for LG Petro Bank S.A. and Nordea Bank Polska S.A. From 2004 to 2015, he worked for PKO BP, where his responsibilities included creating the concept of the bank’s property database and its development as well as internal processes relating to property valuation and revaluation.

RELATED PARTY TRANSACTIONS

The Bank holds current accounts and makes deposits with PKO BP. In addition, the Bank cooperates strategically with PKO BP. Residential loan sales as well as after-sales servicing, excluding risk management, internal audit and control, are carried out in accordance with the Outsourcing Agreement with PKO Bank Polski SA dated 16 January 2015.

The Bank also obtains financing from PKO BP in the form of overdrafts bearing interest at a variable rate, i.e., a base rate increased by a margin:

- on 29 October 2015, the Bank concluded an overdraft facility agreement with PKO BP with a limit of PLN 900,000 thousand for a period of 3 years. By annexing the agreement, the amount of the limit was increased to PLN 2,000,000 thousand and the lending period was extended until 27 October 2028
- on 2 February 2017, the Bank concluded an overdraft facility agreement with PKO BP with a limit of PLN 1,5 00,000 thousand for a period of 3 years. By annexing the agreement, the amount of the limit was increased to PLN 2,000,000 thousand and the lending period was extended until 3 February 2026;
- on 10 July 2019, the Bank concluded an overdraft facility agreement with PKO BP with a limit of PLN 1,000,000 thousand for a period of 3 years. As a result of annexing the agreement, the amount of overdraft was increased to PLN 5,000,000 thousand and may be used to repay liabilities in respect of the loan portfolios purchased and servicing of redemption of bonds and mortgage covered bonds, and the lending period was extended until 1 July 2025. By annexing the agreement, the overdraft was decreased from PLN 5,000,000 thousand to PLN 4,478,000 starting from 11 February 2023, and subsequently, by annexing the agreement in August 2023, the overdraft was decreased by PLN 300,000 thousand, i.e. to PLN 4,178,000 thousand. By annexing the agreement, the amount of the limit was decreased to PLN 3,100,000 thousand and the lending period was extended until 30 June 2028.

All of the above loans bear interest based on a variable interest rate.

On 10 September 2020, the Bank concluded a non-revolving working capital facility agreement with PKO BP in PLN with a limit of PLN 300 million for a period of 6 years. The loan was drawn in tranches over a period of 1 year from the date of conclusion of the agreement. Tranches are repayable within 5 years. The tranches bear interest at a fixed rate, which was determined for each drawing separately. The Bank used PLN 210 million of that loan. The remaining amount has not been used.

On 11 February 2022, the Bank concluded with PKO BP a non-revolving working capital facility agreement in PLN with a limit of PLN 400,000 thousand for a period of 6 years. The loan was drawn in tranches over a period of 1 year from the date of conclusion of the agreement, each of which is repayable within 5 years of its drawing. The tranches bear interest at a fixed rate, which is determined for each drawing separately. By signing annexes to the agreement, the limit was increased to PLN 2,000,000 thousand. By annexing the agreement, the limit was decreased from PLN 2,000,000 thousand to PLN 1,700,000 thousand. The Bank used PLN 1,522,000 thousand of that loan. The remaining amount has not been used.

On 3 January 2023, the Bank concluded a non-revolving working capital facility agreement with PKO BP in PLN with a limit of PLN 300,000 thousand for a period of 7 years. The loan will be disbursed over a period of 2 years of the date of conclusion in tranches, each of which is repayable within 5 years of its drawing. The tranches bear interest at a fixed rate, which is determined for each drawing separately. By annexing the agreement, the loan amount was increased from PLN 300,000 thousand to PLN 600,000 thousand. As at 31 December 2024, the Bank used PLN 523,000 thousand of that loan. On 30 December 2024, Annex no. 2 was signed based on which starting from 16 January 2025, the amount of the limit was increased to PLN 900,000 thousand and the loan utilization period was extended until 3 January 2026.

On 17 November 2015, the Bank and PKO BP entered into the Framework Agreement governing the acquisition of mortgage loans by the Bank from PKO BP. In 2023, the Bank acquired from PKO BP portfolios of receivables of mortgage-secured housing loans in the amount of PLN 325,182 thousand, and in 2022 the Bank did not acquire any receivables portfolios. The payment of the purchase price for the mortgage loans is deferred and the deferral period is separately agreed between the Bank and PKO BP for each loan portfolio.

The Bank also has agreements with PKO BP relating to the issues of bonds and mortgage covered bonds as part of:

The Bond Issue Programme:

On 30 September 2015, the Bank entered into a PKO Bank Hipoteczny Bond Issuance Programme Agreement (the "**Programme**") with PKO BP for a Programme amount of up to PLN 2,000,000 thousand over a period of 4 years, as well as an Underwriting Agreement under which the Underwriter assumes the obligation to take up the Bank's bonds for its own account up to the amount of PLN 2 000 000 thousand. Based on an annex signed on 30 September 2019, the parties extended both agreements for a subsequent 4-year period. By annexing the agreement, the amount of the Programme was increased by PLN 2,000,000 thousand, i.e. to PLN 4,000,000.

On 16 October 2020, an annex to the Programme was signed, extending the maximum maturity of the bonds issued from 12 to 36 months and extending the catalogue of the types of bonds issued from discount bonds to zero coupon bonds, fixed

coupon bonds and variable coupon bonds. By annexing the agreement, the amount of the programme was increased by PLN 2,000,000 thousand, i.e. to PLN 6,000,000 thousand.

On 26 September 2023, an annex to the Programme was signed based on which the parties extended the Programme to 30 September 2026. Based on an annex to the Underwriting Agreement signed on 27 September 2023, the period during which the Underwriter is obliged to take up the Bank's bonds was extended until 30 September 2026, while the amount was decreased to PLN 1,000,000 thousand starting from 30 September 2023.

On 18 July 2019, the Bank signed the first Issue Agent Agreement with the PKO Bank Polski Brokerage Office, while the second Agreement was signed on 18 December 2020 (agreement adjusted to market standards), subsequently amended by an agreement of 21 December 2020. At the same time, on 18 December 2019 the Bank signed a Dealership Agreement with PKO BP, on the basis of which PKO BP acts as a dealer with respect to bonds issued under the Bank's Own Bonds Issue Programme. Based on an annex to the Dealership Agreement signed on 26 September 2023, the parties extended the term of the agreement until 30 September 2026.

The International Mortgage Covered Bonds Issue Programme:

On 6 June 2025, upon approval of the Base Prospectus of the Bank relating to the issue of mortgage covered bonds for the European market (including the Polish market) by Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg, the Bank signed the Programme Agreement with PKO BP, on the basis of which PKO BP serves as the Arranger and Dealer.

On 5 September 2024, the Bank signed the Issue Agent Agreement with the PKO BP Brokerage Office based on which the PKO BP Brokerage Office acts as the Issue Agent for mortgage covered bonds in PLN issued under the International Mortgage Covered Bonds Issuance Programme of the Bank.

Furthermore, as part of the transactions with parties related by equity, PKO BP Finat sp. z o.o. provides accounting services to the Bank with respect to the Bank's general administration, as well as personnel and payroll services, PKO BP rents office space, PKO Leasing S.A. and Prime Car Management S.A. provide vehicles under lease agreements, and PKO Towarzystwo Ubezpieczeniowe S.A. insures the Bank's credit risk.

The following tables set forth the outstanding balances of the Bank's related party transactions as at 31 December 2024 and 31 December 2023:

Assets

Group entity	Receivables	including due to derivative instruments
	in PLN thousand	
	as at 31 December 2024	
PKO BP.....	10,515	-
	as at 31 December 2023	
PKO BP.....	58,808	55,383

Liabilities

Group entity	Current account credit limits, overdraft	Mortgage covered bonds and bonds	Other liabilities	including due to derivative instruments
	in PLN thousand			
	as at 31 December 2024			
PKO BP.....	5,342,830	506,024	218,150	208,696
PKO BP Finat sp. z o.o.	-	17,588	35	-
Prime Car Management S.A.	-	-	760	-
PKO Towarzystwo Ubezpieczeń S.A.	-	98,033	-	-
PKO Życie Towarzystwo Ubezpieczeń S.A.	-	95,501	-	-
PKO VC - fizan.....	-	19,739	-	-
NEPTUN-fizan	-	35,899	-	-
Bankowe Towarzystwo Kapitałowe S.A.	-	22,569	-	-
Total……	**5,342, 830**	**795,353**	**218,945**	**208,696**
PKO BP.....	4,580, 744	28,279	225,694	213,187
PKO BP Finat sp. z o.o.	-	7,835	28	-

Group entity	Liabilities			
	Current account credit limits, overdraft	Mortgage covered bonds and bonds	Other liabilities	including due to derivative instruments
	in PLN thousand			
PKO Leasing S.A.	-	-	10	-
Prime Car Management S.A.	-	-	283	-
PKO Towarzystwo Ubezpieczeń S.A.	-	97,999	-	-
PKO Życie Towarzystwo Ubezpieczeń S.A.	-	81,939	-	-
PKO VC - fizan.....	-	19,826	-	-
Bankowe Towarzystwo Kapitałowe S.A.	-	28,579	-	-
Total……..	**4,580, 744**	**264,457**	**226,015**	**213,187**

Group entity	Loan commitments granted	Contingent assets
	in PLN thousand	
	as at 31 December 2024	
PKO BP.....	-	5,126,155
	as at 31 December 2023	
PKO BP.....	-	6,943,956

The following tables set forth the income statement positions of the Bank's related party transactions for the comparative periods from 1 January 2024 to 31 December 2024 and 1 January 2023 to 31 December 2023:

Group entity	Total revenues	of which interest and commissions	Total costs	of which interest and commissions	Net result on financial instruments measured at fair value	Net foreign exchange gains / (losses)
	in PLN thousand					
	1 January 2024 – 31 December 2024					
PKO BP.....	59	2	556 218	535 283	(5)	(57 749)
PKO BP Finat sp. z o.o.	-	-	1 043	739	-	-
PKO Leasing S.A.	-	-	14	0	-	-
Prime Car Management S.A. ..	-	-	185	32	-	-
PKO Towarzystwo Ubezpieczeń S.A.	-	-	6 336	6 336	-	-
PKO Życie Towarzystwo Ubezpieczeń S.A.	-	-	5 041	5 041	-	-
PKO VC -fizan.....	-	-	1 477	1 477	-	-
NEPTUN – fizan	-	-	1 977	1 977	-	-
Bankowe Towarzystwo Kapitałowe S.A.	-	-	1 587	1 587	-	-
Total	**59**	**2**	**573 878**	**552 472**	**(5)**	**(57 749)**
	1 January 2023 – 31 December 2023					
PKO BP.....	21	0	871,005	850,324	(13)	(515,505)
PKO BP Finat sp. z o.o.	-	-	431	159	-	-
PKO Leasing S.A.	-	-	71	3	-	-
Prime Car Management S.A.	-	-	100	14	-	-
PKO Towarzystwo Ubezpieczeń S.A.	-	-	7,060	7,060	-	-
PKO Życie Towarzystwo Ubezpieczeń S.A.	-	-	5,676	5,676	-	-
PKO VC -fizan.....	-	-	1,433	1,433	-	-
Bankowe Towarzystwo Kapitałowe S.A.	-	-	1,973	1,973	-	-
Total	**21**	**0**	**887,749**	**866,642**	**(13)**	**(515,505)**

All transactions entered into by the Bank with related parties are on arm's length terms.

OVERVIEW OF LEGAL REGULATIONS CONCERNING THE BANKING SECTOR

The following description is of a general nature and sets out certain features of Polish law concerning the banking sector 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 banking activities.

Specific legal requirements for banks

Engaging in banking activities involves meeting multiple regulatory obligations, most of which follow directly from the provisions of the Banking Act dated 29 August 1997 (*ustawa z dnia 29 sierpnia 1997 r. – Prawo bankowe*) (the "**Banking Act**"), and from resolutions, ordinances and recommendations issued by the KNF. The most important of these obligations relate to banks' own funds, the capital adequacy ratio, solvency ratio, exposure concentration, risk management systems and financial management conducted by banks.

Banks have a duty to protect banking secrecy. Regulations on personal data protection are particularly important for the functioning of banks in order to protect individual customers. Personal data may be processed exclusively in compliance with detailed regulations, using technical and organizational resources which ensure the protection of personal data against unauthorised processing, including making it available to third parties.

Banks must also comply with regulations for the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

Certain restrictions also apply if banks retain any third parties for the performance of banking activities for and on behalf of the bank or for the performance of any banking-related operations.

Banking supervision exercised by the KNF

In Poland, banking supervision is exercised by the KNF and covers in particular:

- assessment of the financial position of banks, including their solvency, the quality of assets, liquidity and the financial results;
- review of the quality of the bank management systems, including, in particular, the risk management system and internal control system;
- examination and assessment of banks' compliance with the exposure concentration limits and standards for the risk acceptable in banks' operations as determined by the KNF;
- estimating, maintaining and reviewing internal capital; and
- assessment of the compliance of banks' activities with the appropriate regulations.

The KNF has broad powers and legal instruments which enable it to carry out supervision over banks, including the possibility to conduct inspections.

Other supervisory authorities

Some areas of banking operations are subject to the supervision of other public administration authorities, the most important of which are as follows:

- the President of the Office for Protection of Competition and Consumers with respect to protecting market competition and consumers' collective rights;
- the President of the Office for the Protection of Personal Data with respect to collecting, processing, managing and protecting personal data;
- the minister responsible for financial institutions (as of the date of this Base Prospectus, the Minister of Finance);
- the General Inspector for Financial Information with respect to the prevention of money laundering and financing of terrorism; and
- the financial ombudsman

Deposit Guarantee Fund and Resolution Fund

Pursuant to the provisions of the Resolution Act, members of a mandatory guarantee system are obliged to contribute to a deposit guarantee fund (*fundusz gwarancyjny banków*) (the "**Deposit Guarantee Fund**") and a resolution fund (*fundusz przymusowej restrukturyzacji*) (the ''**Resolution Fund**''). The Bank contributes to the Resolution Fund only.

The Resolution Fund was established in order to finance the resolution of banks, investment firms and branches of foreign banks, in particular to provide funds for financing the BFG's tasks described in the Resolution Act. The participation in the Resolution Fund is obligatory for all Polish banks, investment firms and branches of foreign banks operating in Poland.

The contributions to the Resolution Fund achieved the minimum level of funds for financing the restructuring of banks and investment firms by the date of this Prospectus and the target level by 31 December 2030. The target level is 1.2% of the amount of guaranteed funds in banks, investment firms and branches of foreign banks.

If the funds accumulated in the Resolution Fund are insufficient to finance the resolution of the institution subject to the resolution proceedings, the BFG may require additional contributions the amount of which may not exceed the threefold total amount of contributions required from the relevant entities for a respective calendar year. In the case when the total amount of these contributions is not determined, the BFG may require contributions in an amount not exceeding the threefold total amount of contributions required from the relevant entities for the previous calendar year.

Regulation of mortgage loans

The Mortgage Credit Act, which implements the Mortgage Credit Directive into Polish law, came into force on 22 July 2017.

The general purpose of the Mortgage Credit Act is to improve the position of borrowers who purchase real estate. The Mortgage Credit Act introduces restrictions on granting mortgage loans such as restrictions on currencies in which a loan may be granted, which depend on the currency of the borrower's income. Banks will be allowed to tie mortgage loans with other products except the auxiliary bank account free of charge (which does not concern Polish mortgage banks as they are not allowed to maintain bank accounts for their clients). This does not affect the cross-selling that respects the borrower's right to choose a standalone mortgage loan or other combined offer. Additionally, while a bank may require the borrower to insure the property financed with the mortgage loan and to assign this insurance to the bank, the bank may not restrict the borrower's ability to choose an insurer, as long as the insurance policy meets the criteria stipulated by the bank. The Mortgage Credit Act imposes several mortgage loans information requirements on banks. The first requirement is in respect of advertisements concerning mortgage loans, which must provide detailed information about, and refer to all important features of, the mortgage loans. The next is the offer information, which must be presented in a special information sheet and submitted to the customer after getting acquainted with his credit needs. The information sheet is binding on a bank for 14 days. Banks are also obliged to issue a credit decision within 21 days of the date of a loan application and to justify the refusal of granting a loan. The third requirement is in respect of the content of the loan agreement, which is also strictly regulated. It includes a customer's right to withdraw from the loan agreement within 14 days of the date of signing the agreement. Therefore, these regulations have demanded some changes in the process of originating mortgage loans. The Mortgage Credit Act introduces licensing requirements for brokerage and agent services regarding mortgage loans. Moreover, it introduces regular training requirements as a condition of maintaining the licence. Banks are also required to conduct regular training of their employees involved in mortgage loan origination processes.

Moreover, the Polish Civil Code provides a cap for the maximum interest rates that may be charged by a bank under a loan agreement. As at the date of this Base Prospectus, this cap is twice the sum of the applicable reference rate of the NBP and 3.5 per cent. The maximum interest rate on overdue principal is twice the sum of the applicable reference rate of the NBP and 5.5 per cent.

Personal data protection

In light of the large number of individuals serviced by banks, all the regulations concerning personal data protection are of particular importance to banking operations. Personal data may be processed exclusively in compliance with specific regulations, while applying technical and organizational means that ensure the protection of personal data, particularly from disclosure to any unauthorised parties. Additionally, the persons to which such data relates should have the right to access all of their personal data and to correct it.

The General Data Protection Regulation ("**GDPR**") entered into force on 25 May 2018. It imposed obligations and guidelines on companies in the management and processing of personal data.

The GDPR introduced, among others:

- the broader definition of personal data, including information identifying the person to the data;
- certain restrictions on automated processing of personal data;
- considerably increased rights of individuals;
- new obligations of data processors, controllers and data protection officers related to provision of technical and organizational protection of personal data; and

- administrative fines for non-compliance with the GDPR, which can reach EUR 20 million or 4 per cent. of an organization's annual worldwide turnover. Moreover, pursuant to the GDPR, individuals have the right to receive compensation from the controller or processor for the damage suffered.

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, implementing the Covered Bonds Directive, 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 and Bank Gospodarstwa Krajowego (BGK) 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*), having regard to the level of the applicable countercyclical buffer rate (*wskaźnik bufora antycyklicznego*) and the need to ensure the proper functioning and stability of the financial market, lower such maximum proportion of the amount of a single mortgage loan and the mortgage lending value of the secured property. As of the date of this Prospectus, the decree referred to in the preceding sentence has not been issued.

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, dismissal of the application for 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 and Bank Gospodarstwa Krajowego (BGK) 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" (*europejski list zastawny* or *europejska obligacja zabezpieczona*). A covered bond that meets the requirements set in Article 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)" (*europejski list zastawny (premium)* or *europejska 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 z dnia 29 lipca 2005 r. 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 NDS.

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 Article 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 organizational 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:

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

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:

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

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

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

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.

The Covered Bonds Directive and its implementation into Polish law

The Covered Bonds Directive entered into force on 7 January 2020. The Covered Bonds Directive is the first directive harmonising covered bonds legislation in the EU and covers, in particular, the following:

- requirements for issuing covered bonds;

- the structural features of covered bonds;
- covered bond public supervision; and
- publication requirements in relation to covered bonds.

The act implementing the Covered Bonds Directive to Polish law was adopted on 7 April 2022 and came into force on 8 July 2022. The main amendments included in particular:

- the decrease of the minimum level of overcollateralization of covered bonds to 5% from 10% (in accordance with the limits set out in Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) No 575/2013 as regards exposures in the form of covered bonds);
- the change of the minimal principal amount of a covered bond in the documentary form (including in the new global covered bond form) to EUR 100,000 or its equivalent in another currency (currently, under the Covered Bonds Act the principal amount of a covered bond in the documentary form must exceed EUR 100,000 or its equivalent in other currency);
- expansion of the mandatory items to be included in the terms and conditions of covered bonds (e.g., provisions setting out the manner of performance of the bank's obligation under the covered bonds in the case of resolution of the mortgage bank);
- the alignment of the liquidity buffer of mortgage banks to the level set out in the Covered Bonds Directive (currently, mortgage banks are required to maintain a liquidity buffer equivalent to at least six months of nominal interest income on mortgage bonds outstanding to ensure the timely servicing of interest receivables on mortgage bonds);
- clarification of the requirements for derivatives to be registered in the cover pool;
- introducing an obligation for the mortgage bank to provide the KNF with information on mortgage bond issuances and specifying the scope of this information, as well as certain other information required to be on the mortgage bank's website;
- new provisions concerning the fines and sanctions that may by imposed on mortgage banks by the KNF; and
- introduction of new rules regarding the labelling of covered bonds.

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 CJEU, 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 organizational 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.

TAXATION

Poland

General information

The following is a discussion on certain Polish tax considerations relevant to an investor who is a resident in Poland or which is otherwise subject to Polish taxation. This statement should not be understood as tax advice. It is based on Polish tax laws and, as their interpretation in effect as at the date of this Base Prospectus, it may thus be subject to change, including a change with retroactive effect. Any change may negatively affect the tax treatment, as described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their personal circumstances. Prospective purchasers of the Covered Bonds are advised to consult their professional tax adviser regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of any Covered Bonds. The information provided below does not cover tax consequences concerning income tax exemptions applicable to specific taxable items or specific taxpayers (e.g. domestic or foreign investment funds).

The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term as understood in Polish tax law.

Polish tax resident individuals (natural persons)

Under Article 3 clause 1 of the Personal Income Tax Act dated 26 July 1991 (the "**PIT Act**"), natural persons, if resident in the territory of Poland, are liable for tax on their total income (revenue) irrespective of the location of the sources of revenue (unlimited obligation to pay tax). Under Article 3 clause 1a of the PIT Act, a resident of Poland is a natural person who: (i) has the centre of personal or economic interest (centre of interest) in territory of Poland; or (ii) stays in the territory of Poland for over 183 days in a given tax year. This rule, however, may be overridden by the provisions of the applicable tax treaty.

Taxation of interest income (discounts) from Covered Bonds

Under Article 30a clause 1 point 2 of the PIT Act, income from interest (discounts) on securities, including Covered Bonds (except for interest constituting income from redemption by the issuer of bonds referred to in Article 30a clause 1 point 2a of the PIT Act) is subject to a flat-rate tax of 19% (Article 30a clause 1 point 2a refers to bonds and provides that a 19% tax is levied on income from redemption by the issuer of bonds on which periodic payments are due).

Pursuant to Article 30a clause 7 of the PIT Act, income referred to in Article 30a clause 1 of the PIT Act is not combined with income taxed under general rules (according to a progressive scale), but in accordance with Article 30a clause 1 point 2 of the PIT Act, it is subject to a 19% flat tax.

If a natural person who is a Polish tax resident holds Covered Bonds as business assets, as a rule, interest (discount) should not be subject to withholding tax, but should be taxed in the same way as other income from business activities.

Pursuant to Article 41 clause 4 of the PIT Act, natural persons conducting business activity, legal persons and their organizational units, as well as organizational units without legal personality, are required to collect a flat-rate income tax on payments (benefits) made or money or monetary values made available to the taxpayer, inter alia, on the grounds specified in Article 30a clause 1 points 1-11 of the PIT Act. With regard to Covered Bonds, the PIT Act introduces special rules regarding the payer's obligation. A more detailed description can be found in the section "Covered Bonds held by non-Polish tax residents: natural person or corporate income taxpayers" devoted to personal income tax.

Special rules apply if the Covered Bonds are held in a collective account and the identity of the taxpayers is not disclosed to the entity maintaining that collective account. Pursuant to Article 41 clause 10 of the PIT Act, in the case of payments of amounts due referred to in Article 30a clause 1 points 2, 2a and 5 of the PIT Act, to taxpayers who are persons entitled to securities recorded in omnibus accounts, whose identity has not been disclosed to the payer in accordance with separate provisions, the payer shall collect withholding tax at a rate of 19% on the total value of income (revenues) transferred by him to all such taxpayers through the collective account holder.

Pursuant to Article 45 clause 3b of the PIT Act, if tax has not been collected at source, taxpayers are required to settle it themselves in their annual tax return, submitted by April 30 of the following year.

Capital gains from disposal of the Covered Bonds

Under Article 30b clause 5 of the PIT Act, income from a disposal of securities, including the Covered Bonds, for remuneration is not added to general income, which is subject to the progressive tax rate, but under Article 30b clause 1 of the PIT Act it is subject to the 19 per cent. flat rate tax (with a stipulation regarding Covered Bonds held as a business asset - see paragraph below). Pursuant to Article 30b clause 2 point 1 of the PIT Act, income is calculated as the difference between the sum of proceeds from the sale of securities and the costs of obtaining income, calculated on the basis of the relevant provisions of the PIT Act.

Pursuant to Article 45 clause 3b of the PIT Act, a natural person must declare tax in their annual tax return if the tax has not been collected by the payer, which essentially means that a natural person must settle the tax themselves in cases where the payer was not obliged to do so. Pursuant to Article 45 clause 1 of the PIT Act, the annual tax return should be submitted by April 30 of the following year. Pursuant to Article 39(3) 3 of the PIT Act, natural persons conducting business activity, legal persons and their organizational units, as well as organizational units without legal personality, are required to send to the taxpayer and to the tax office through which the head of the tax office competent for the taxpayer's place of residence performs his duties, and in the case of a taxpayer referred to in Article 3(2a), to the tax office through which the head of the tax office competent for the taxpayer's place of residence performs his duties, specific information on the amount of income, 2a, to the tax office through which the head of the tax office competent in matters of taxation of foreign persons performs his duties, personal information on the amount of income referred to in Article 30b(2), prepared in accordance with the established template. Pursuant to Article 42g(1) of the PIT Act, payers shall provide the information referred to, inter alia, in Article 39(3) of the PIT Act: 1) to the tax office - by the end of January of the year following the tax year; 2) to the taxpayer - by the end of February of the year following the tax year.

Additionally, under Article 39 clause 2 in conjunction with Article 42g clause 1 of the PIT Act, the entity not acting as a payer but providing income information (e.g., from capital gains or other sources not subject to withholding) is obliged to prepare and submit a PIT-8C form. This form must be delivered to both the taxpayer and the competent tax office (US) by the end of February of the following year. Failure to provide the PIT-8C form may result in non-compliance and expose the entity to penalties under the Fiscal Penal Code.

The above provisions shall not apply if the Covered Bonds are held as part of business activities and are treated as assets related to the business. In such a case, pursuant to Article 30b clause 3 of the PIT Act, income from the sale of Covered Bonds should be treated as income from business activities and taxed according to the rules applicable to income from business activities and taxed according to the rules applicable to income from this source at a flat rate of 19% or a progressive rate, depending on the choice and fulfilment of certain conditions by the individual. The tax should be settled by the individual.

Polish tax resident corporate income taxpayers

Corporate income tax payers, if they have their registered office or management in Poland, are subject to tax on their entire income, regardless of where it is earned (Article 3 clause 1 of the CIT Act).

According to Article 3 clause 1a of the CIT Act, taxpayer has a management board in Poland, inter alia, when the taxpayer's day-to-day affairs are conducted in Poland in an organized and continuous manner on the basis of, in particular: (1) a contract, decision, court order, or other document governing the establishment or operation of that taxpayer; or (2) powers of attorney granted; or (3) relations within the meaning of Article 11a clause 1 (5) of the CIT Act (related parties within Polish transfer pricing regulations).

The appropriate tax rate is the same as the tax rate applicable to business activity, i.e. generally 19 per cent or 9 per cent for small taxpayers, i.e. those whose revenue in a tax year does not exceed EUR 2 million (with the exceptions listed in Article 19 clause 1-1e of the CIT Act), taking into account the relevant source of revenue (the lower rate does not apply to income classified as capital gains – Article 7b of the CIT Act).

A Polish tax resident should be subject to income tax on the Covered Bonds (both on any capital gains and on interest/discount) following the same principles as those that apply to any other income earned on business activity within the same source of income (capital profits – *zyski kapitałowe*). Under the CIT Act, income is determined separately for each relevant basket, i.e. revenues from capital gains are separated from revenues from other sources. Correspondingly, the tax losses are determined separately for each of these baskets, whereby a tax loss from one basket may not be deducted from the income in another basket.

As a rule, for Polish income tax purposes, interest is recognized as revenue on a cash basis, i.e. when it is received, not when it is accrued. Revenue from the sale of Covered Bonds is, as a rule, their value expressed in the price specified in the agreement. If the price specified in the agreement deviates significantly from the market value without a valid reason, the amount of income is determined by the tax authority at market value (Article 14 of the CIT Act). In the case of income from the sale of securities, tax-deductible costs are generally recognized when the corresponding income is earned. The taxpayer independently (without the involvement of the payer) settles income tax on interest/discounts and on the sale of securities, which is settled together with other income from the taxpayer's business activity within the same source of income.

Special rules apply if the Covered Notes are held in a collective account and the identity of the taxpayers is not disclosed to the entity maintaining that collective account. Pursuant to Article 26 clause 2a of the CIT Act, where interest payments are made to taxpayers who are persons entitled to securities recorded in collective accounts whose identity has not been disclosed to the payer in accordance with separate regulations, the payer shall withhold tax at source at a rate of 20% of the total value of income (revenues) transferred by him to all such taxpayers through the holder of the collective account.

Covered Bonds held by non-Polish tax residents: natural person or corporate income taxpayers

Non-Polish tax residents means:

- natural persons, if they do not have their place of residence in the Republic of Poland (Article 3 clause 2a of the PIT Act);
- corporate income taxpayers, if they do not have their registered office or place of management in the Republic of Poland (Article 3 clause 2 of the CIT Act).

If a non-Polish tax resident recipient of interest acts through a permanent establishment in Poland to which the interest is related, as a matter of principle it should be treated in the same manner as a Polish tax resident.

Non-Polish tax residents are subject to Polish income tax only on their income earned in the Republic of Poland (limited tax liability).

Under Article 3 clause 3 of the CIT Act, income (revenues) sourced in the Republic of Poland by non-residents includes, in particular, income (revenues) from:

(a) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property;

(b) securities and derivatives other than securities, admitted to public trading in the Republic of Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;

(c) the transfer of the ownership of shares in a company, all of the rights and obligations in a company that is not a legal entity or shares in an investment fund, mutual fund institution or other legal entity and rights of similar character, or receivables being the result of holding such shares, all of the rights and obligations, participation titles or rights, if at least 50 per cent. of the assets of such company, company that is not a legal entity, such investment fund, such mutual fund institution or other legal entity, directly or indirectly, constitutes real estate located in the territory of the Republic of Poland or rights to such property;

(d) the transfer of the ownership of shares, all of the rights and obligations, shares in investment fund or rights of similar character in real estate company (in the meaning of the Polish tax regulations);

(e) the receivables settled, including receivables put at disposal, paid out or deducted, by individuals, entities, or organisational units without a legal personality, that have their place of residence, registered office, or management board in the Republic of Poland, irrespective of the place of concluding or performing the agreement; and

(f) unrealised gains referred to in the exit tax chapter.

Similar provisions regarding personal income tax are contained in Article 3 clause 2b of the PIT Act.

It should be noted that the list of income (revenues) sourced in Poland, as provided for in Article 3 clause 3 of the CIT Act and Article 3 clause 2b of the PIT Act, is not exhaustive, therefore other income (revenues) may also be considered as sourced in Poland.

Due to the fact that the Issuer is a Polish entity and due to point e) above, in many cases interest on Covered Bonds should be treated as earned in Poland.

Exemption from interest (discount) on Covered Bonds obtained by taxpayers subject to limited tax liability in Poland and exemption from collection

Corporate Income Tax

Pursuant to Article 17 clause 1 point 50a of the CIT Act, interest or discount on Covered Bonds obtained by taxpayers referred to in Article 3 clause of the CIT Act, i.e. taxpayers subject to limited tax liability in Poland, are exempt from tax.

Pursuant to Article 26 clause 1aa point 1 of the CIT Act, payers are not required to collect tax on interest or discount on Covered Bonds.

Special rules apply if the Covered Bonds are held in a collective account and the identity of the taxpayers is not disclosed to the entity maintaining that collective account. Pursuant to Article 26 clause 2a of the CIT Act, where interest is paid to taxpayers who are persons entitled to securities recorded in collective accounts whose identity has not been disclosed to the payer in accordance with separate regulations, the payer shall withhold tax at source at a rate of 20% of the total value of income (revenues) transferred by the payer to all such taxpayers through the holder of the collective account.

Personal Income Tax

Pursuant to Article 21 clause 1 point 130a of the PIT Act, interest or discount on Covered Bonds obtained by natural persons referred to in Article 3 clause 2a of the PIT Act, i.e. persons not residing in the territory of the Republic of Poland, i.e. subject to limited tax liability in the territory of Poland, are exempt from income tax.

Pursuant to Article 41 clause 4d of the PIT Act, flat-rate income tax on income (revenues) referred to in Article 30a clause 1 points 2, 2a and 5 of the PIT Act shall be collected, as payers, by entities maintaining securities accounts for taxpayers, if such income (revenues) was obtained in the territory of the Republic of Poland and is related to securities recorded on these accounts, and the payment to the taxpayer is made through these entities. The first sentence also applies to entities referred to in Article 3 clause 2 of the CIT Act to the extent that they conduct business activity through a foreign establishment located in the territory of the Republic of Poland, if the account on which the securities are recorded is related to the activity of that establishment.

Pursuant to Article 41 clause 24 point 1 of the PIT Act, payers are not obliged to collect tax on interest or discount on Covered Bonds, including in the case referred to in Article 41 clause 12 of the PIT Act, with the exception of the payer referred to in clauses 4d and 10 with respect to income (revenues) earned by the taxpayer referred to in Article 3 clause 1 (i.e., natural persons subject to unlimited tax liability in Poland).

Pursuant to Article 41 clause 12 of the PIT Act, if the total amount of payments (benefits) made to a related entity or money or monetary values made available to it for the purposes specified in Article 29 clause 1 point 1 and Article 30a clause 1 points 1-5a of the PIT Act, on the excess over PLN 2,000,000, excluding the tax rate, exemptions or conditions for non-collection of tax resulting from specific provisions or double taxation agreements.

The exemption from collection by the payer (referred to in Article 41 clause 4d and 10 of the PIT Act) specified in Article 41 clause 24 of the PIT Act covers entities acting as payers, entities maintaining securities accounts and collective accounts.

Special rules apply if the Covered Bonds are held in a collective account and the identity of the taxpayers is not disclosed to the entity maintaining that collective account. Pursuant to Article 41 clause 10 of the PIT Act, where payments are made on account of the amounts referred to in Article 30a clause 1 points 2, 2a and 5 of the PIT Act to taxpayers who are persons entitled to securities recorded in collective accounts whose identity has not been disclosed to the payer in accordance with separate regulations, the payer shall collect withholding tax at a rate of 19% on the total value of income (revenues) transferred by him to all such taxpayers through the holder of the collective account.

Capital gains

Individual income tax payers and corporate income tax payers with limited tax liability in Poland are subject to taxation only on income earned in Poland.

Polish tax regulations include special rules regarding capital gains, if they are reached on any Covered Bonds admitted to public trading in the Republic of Poland on the regulated stock exchange market. In line with Article 3.2b of the PIT Act and Article 3.3 of the CIT Act, as such capital gain may be treated as derived in Poland and, in principle, subject to 19 per cent. income tax in Poland, subject to reliefs available under applicable double tax treaties concluded by Poland.

Most of the double tax treaties concluded by Poland provide for a Polish income tax exemption on capital gains derived from trade in Polish securities including Covered Bonds by a foreign tax resident.

Specific rules will apply if a non-Polish tax resident acts through a permanent establishment in Poland to which income is related.

Tax remitter's obligations

The tax remitters will decide on withholding the tax based on their own analysis. In accordance with the Article 75 §1 of the Tax Ordinance Act of 29 August 1997, as amended (the "**Tax Ordinance**"), if a taxpayer doubts whether a tax collected by a tax remitter is due or whether the amount of the collected tax is adequate, he may submit a request to confirm tax overpayment.

In respect to withholding tax, in Poland there is a Pay & Refund mechanism, which generally is applicable if the total amount of payments from related party (within the meaning of Polish transfer pricing regulations) to a single taxpayer, which is not a Polish tax resident, in the relevant tax year (subject to any withholding tax provided for in Polish tax regulations, in particular revenue from interest) exceeds PLN 2 million. In such a case tax remitters will be obliged to collect withholding tax on the said disbursements on the day they are made, at the standard Polish rates (i.e. 19 per cent. in the case of individuals or 20 per cent. in the case of legal persons) applicable to interest on the surplus over PLN 2 million without the possibility of non-collection of the tax under the relevant double tax treaty, and without taking into account the exemptions or reduced rates as determined under special provisions or double tax treaties. The taxpayer or the tax remitter (if it paid the withholding tax from its own funds and it bore the economic burden of withholding tax) may claim a withholding tax refund. Under special provisions, withholding tax may not be collected by the tax.

Separate, specific rules may apply to interest income on securities held in Polish omnibus accounts (within the meaning of the provisions of the Act on Trading in Financial Instruments dated 29 July 2005). If tax is withheld, a taxpayer who considers tax exemption should be applicable may apply for a refund. In order to receive a refund such taxpayer should contact its tax advisor.

Solidarity levy on individuals

Pursuant to Article 30h of the PIT Act, individuals (regardless of whether they reside in Poland or not) are required to pay a solidarity levy amounting to 4% of the basis for calculating this tax. The basis for calculating the solidarity levy is the excess of PLN 1,000,000 over the sum of income taxable under the rules set out in Article 27 clauses 1, 9 and 9a (including, as a rule, income from business activities carried out by a natural person, taxed in Poland at progressive rates), Article 30b (including capital income from the sale of Covered Bonds), Article 30c (including, as a rule, income from business activities carried out by a natural person, taxed in Poland at a so-called flat rate of 19%) and Article 30f (so-called income of a controlled company taxed in Poland), after deduction of the amounts specified in specific provisions.

With regard to natural persons with limited tax liability in Poland, the above regulations and the resulting obligation to pay the solidarity levy should be analyzed, subject to the relief available under the relevant double taxation agreements concluded by Poland. Most of the double taxation agreements concluded by Poland contain regulations which may give rise to exemption from taxation in Poland of capital gains from the sale of Covered Bonds.

Natural persons liable to pay the solidarity levy are required to submit a declaration of the amount of the solidarity levy to the tax authorities, using the template provided, by April 30 of the calendar year and to pay the solidarity levy by that date.

Tax on civil law transactions

Under Article 1 clause 1 point 1) a) of the Tax on Civil Law Transactions Act dated 9 September 2000 (the "**PCC Act**"), agreements for sale or exchange of assets or proprietary rights are subject to tax on civil law transactions. Such transactions are taxable if their subjects are:

- assets located in Poland or proprietary rights exercisable in Poland;
- assets located abroad or proprietary rights exercisable abroad if the acquirer's place of residence or registered office is located in Poland and the civil law transaction was carried out in Poland.

As a rule, Covered Bonds issued by a company with its registered office in Poland are considered property rights exercised in Poland and are therefore subject to civil law transaction tax at a rate of 1%, regardless of the place of conclusion of the transaction and the jurisdiction of the parties to the agreement. The tax base is the market value of the item or property right (Article 6 clause 1 point 1 of the PCC Act).

The tax obligation in the case of a sales contract lies with the buyer (in the case of a barter agreement, with both parties to the agreement) and, as a rule, arises at the time of conclusion of the agreement (Article 3 clause 1 point 1 of the PCC Act). Taxpayers are required, without being requested to do so by the tax authority, to submit a declaration on civil law transaction tax and to calculate and pay the tax within 14 days of the date on which the tax liability arises (i.e. from the date of conclusion of the sales contract). If the contract is concluded in the form of a notarial deed, the tax is collected and settled by the notary as the tax remitter.

(a) Sale of property rights that are financial instruments (including Covered Bonds): to investment firms and foreign investment firms;

(b) via the intermediary of the investment firms or foreign investment firms;

(c) in organised trading;

(d) outside organised trading by investment firms and foreign investment firms, if those rights were acquired by those companies under organised trading;

(e) state banks conducting brokerage activities;

(f) carried out through state banks conducting brokerage activities; or

(g) carried out outside organized trading by state banks conducting brokerage activities, if these rights were acquired by these banks within organized trading.

within the meaning of the provisions of the Act on Trading in Financial Instruments - is exempt from civil law transaction tax (Article 9 point 9 of the PCC Act.

Furthermore, pursuant to Article 1a points 5 and 7 in conjunction with Article 2 point 4 of the PCC Act, sales and exchange agreements concerning Covered Bonds are not subject to civil law transaction tax:

1) to the extent that they are subject to VAT in Poland or another EU or EEA Member State; or

2) where at least one of the parties to the transaction is exempt from VAT in Poland or another EU or EEA Member State in respect of that transaction.

Liability of the tax remitter

Pursuant to Article 30 of the Tax Ordinance, a tax remitter who has failed to fulfill their obligations to calculate, collect, or pay tax to the tax authority is liable with all their assets for the tax not collected or the tax collected but not paid. The tax authority shall decide on the payer's liability and the amount of tax due for tax not collected or collected but not paid. However, the payer shall not be liable if separate provisions provide otherwise or if the tax was not collected through the fault of the taxpayer. In this case, the tax authority issues an independent decision on the taxpayer's liability or determines it in a decision specifying the amount of the tax liability. Article 30 paragraph 5a of the Tax Ordinance contains an exhaustive list of exceptions to the above exclusion of the payer's liability, including, inter alia, where the payer and the taxpayer are related entities within the meaning of transfer pricing regulations, or the payer or taxpayer are entities with tax residence, place of registration, registered office or management in a country or territory applying harmful tax competition.

Luxembourg

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

Non-resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

Resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the "**Relibi Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Covered Bonds coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

Other

Pursuant to certain provisions of the Code, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Poland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, such withholding would not apply prior to the date that is two years after the date of publication of final regulations defining "foreign passthru payments" in the U.S. Federal Register, and Covered Bonds characterized as debt for U.S. federal income tax purposes (or which are not otherwise characterized as equity and have a fixed term) issued on or prior to the date that is six months after

the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Covered Bond Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Subject to the provisions of the programme agreement dated 6 June 2025 (the "**Programme Agreement**") between the Bank and PKO BP (together with any further financial institution appointed as a dealer under the Programme Agreement, the "**Dealers**"), the Covered Bonds may be sold by the Bank to the Dealers, who shall act as principals in relation to such sales. However, the Bank has reserved the right to issue Covered Bonds directly on its own behalf to subscribers who are not Dealers and who agree to be bound by the restrictions set out below. The Programme Agreement also provides for Covered Bonds to be issued in Tranches which are jointly and severally underwritten by two or more Dealers or such subscribers.

The Bank has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Covered Bonds. The Dealer Agreement may be terminated in relation to all the Dealers or any of them by the Bank or, in relation to itself and the Bank only, by any Dealer, at any time on giving not less than ten business days' notice.

United States of America

The Covered Bonds have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "**Securities Act**"), or the securities law of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except certain transactions exempt from or not subject to the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has not offered nor sold the Covered Bonds of any identifiable Tranche, and will not offer nor sell the Covered Bonds of any identifiable Tranche (i) as part of their distribution at any time nor (ii) otherwise until 40 days after completion of the distribution of such tranche as determined, and such completion is notified to each relevant Dealer, by the Issuing and Principal Paying Agent or, in the case of a Syndicated Issue, the lead manager, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Accordingly, each Dealer has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Covered Bonds, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has agreed to notify the Issuing and Principal Paying Agent or, in the case of a Syndicated Issue, the lead manager when it has completed the distribution of its portion of the Covered Bonds of any identifiable Tranche so that the Issuing and Principal Paying Agent or, in the case of a Syndicated Issue, the relevant Lead Manager may determine the completion of the distribution of all Covered Bonds of that Tranche and notify the other relevant Dealers (if any) of the end of the restricted period. Each Dealer agrees that, at or prior to confirmation of sale of Covered Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Covered Bonds from it during the restricted period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States, and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of this tranche of Securities as determined, and notified to Relevant Dealer, by the Issuing and Principal Paying Agent/relevant Lead Manager, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used above have the meanings given to them by Regulation S.

Each Dealer has represented and agreed that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of Covered Bonds within the United States of America, except with its affiliates or with the prior written consent of the Bank.

Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Covered Bonds, other than Covered Bonds with an initial maturity of one year or less, will be issued in accordance with the provisions of U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D) or substantially identical provisions (the "**D Rules**"), or in accordance with the provisions of U.S. Treasury Regulation Section 1.163-5 (c)(2)(i)(C) or substantially identical provisions (the "**C Rules**"), as specified in the Final Terms.

In addition, in respect of Covered Bonds issued in accordance with the D Rules, each Dealer has represented and agreed that:

(a) to the extent permitted under the D Rules, (i) it has not offered or sold, and during the restricted period will not offer or sell, Covered Bonds in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) such Dealer has not delivered and will not deliver within the United States or its possessions definitive Covered Bonds in bearer form that are sold during the restricted period;

(b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Covered Bonds in bearer form are aware that such Covered Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if such Dealer is a United States person, it has represented that it is acquiring the Covered Bonds in bearer form for purposes of resale in connection with their original issuance and if such Dealer retains Covered Bonds in bearer form for its own account, it will do so only in accordance with the requirements of U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D)(6) or substantially identical provisions; and

(d) with respect to each affiliate that acquires Covered Bonds in bearer form from such Dealer for the purpose of offering or selling such Covered Bonds during the restricted period, such Dealer either (i) has repeated and confirmed the representations and agreements contained in sub-clauses (a), (b) and (c) on such affiliate's behalf or (ii) has agreed that it will obtain from such affiliate for the benefit of the Bank the representations and agreements contained in sub-clauses (a), (b) and (c).

(e) if it enters into a written contract with any distributor (as described in U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(4)(ii)) that acquires Covered Bonds in bearer form from it pursuant to such written contract, it will obtain from the distributor, for the benefit of the Bank and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of clauses (i), (ii), (iii), (iv) and (v).

Terms used in the above paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

In addition, where the C Rules are specified in the relevant Final Terms as being applicable to any Tranche of Covered Bonds, Covered Bonds in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, Covered Bonds in bearer form within the United States or its possessions in connection with their original issuance. Further, each Dealer has represented and agreed in connection with the original issuance of Covered Bonds in bearer form, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such Dealer or purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of Covered Bonds in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

Each issuance of index- or currency-linked Covered Bonds shall be subject to such additional U.S. selling restrictions as the relevant Dealer(s) shall agree with the Bank as a term of the issuance and purchase or, as the case may be, subscription of such Covered Bonds. Each Dealer agrees that it shall offer, sell and deliver such Covered Bonds only in compliance with such additional U.S. selling restrictions.

The Bank may agree with one or more Dealers for such Dealers to arrange for the sale of Covered Bonds under procedures and restrictions designed to allow such sales to be exempt from the registration requirements of the Securities Act.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or has in its possession or distributes the Base Prospectus or any other offering material.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Covered Bonds specify the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a)the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of 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 Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specify "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area in which Prospectus Regulation applies (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date from which the Prospectus Regulation entered into force, having a direct applicability in all Member States (the "**Date of Entry into Force**") it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Bank for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Relevant Member State the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in the UK except that it may make an offer of such Covered Bonds to the public in the UK:

(A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Bank for any such offer; or

(C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Covered Bonds referred to in (A) to (C) above shall require the Bank or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression "**an offer of Covered Bonds to the public**" in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds; and
- the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Covered Bonds which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Bank;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Bank; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

Italy

The offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, save as set out below, it has not offered or sold, and will not offer or sell, any Covered Bonds in the Republic of Italy in an offer to the public, and that sales of the Covered Bonds in the Republic of Italy shall be effected in accordance with all Italian securities and banking regulations, tax and exchange control, and other applicable laws and regulations.

Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell, or deliver, any Covered Bonds, or distribute copies of this Base Prospectus and any other document relating to the Covered Bonds in the Republic of Italy except:

(a) to "qualified investors" (*investitori qualificati*), as defined in Article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018, as amended ("**CONSOB Regulation No. 20307**"), pursuant to Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**CONSOB Regulation No. 11971**"), implementing Article 100 of the Legislative Decree No. 58 of 24 February 1998, as amended (the "Italian Financial Services Act");

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Services Act and its implementing CONSOB Regulations, including Article 34-ter of CONSOB Regulation No. 11971.

Any such offer, sale or delivery of the Covered Bonds, or distribution of copies of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Act, the Legislative Decree No. 385 of 1 September 1993 (the "**Consolidated Banking Act**"), and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;

(b) in compliance with Article 129 of the Consolidated Banking Act and the implementing regulations issued by the Bank of Italy, all as amended from time to time, pursuant to which the Bank of Italy may request information and impose certain reporting obligations on the issue or the offer of securities in the Republic of Italy; and

(c) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority as well as any additional requirements provided under the Consolidated Financial Act and/or the Consolidated Banking Act and related implementing regulations.

Belgium

Other than in respect of Covered Bonds for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Covered Bonds may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Covered Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Covered Bonds, directly or indirectly, to any Belgian Consumer.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Covered Bonds, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required. Each Dealer has represented and agreed that it will comply with all relevant laws and directives in each jurisdiction in which it purchases, offers, sells, or delivers Covered Bonds or has in its possession or distributes the Base Prospectus or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Covered Bonds under the laws and directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, in all cases at its own expense, and neither the Bank nor any other Dealer shall have responsibility thereof.

These selling restrictions may be modified by the agreement of the Bank and the Dealers, *inter alia*, following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Covered Bonds to which it relates or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

No governmental consents, approvals or authorisations in Poland in connection with the issue of the Covered Bonds and the performance by the Bank of its obligations under the Covered Bonds will be required to be complied with.

The establishment of the Programme and the issue of Covered Bonds have been duly authorised by the resolution of the Management Board of the Bank No. 95/2016 dated 4 August 2016 as amended by the resolution of the Management Board of the Bank No. 85/2024 dated 3 September 2024. The issuance of each Series of the Covered Bonds will be authorised by a separate resolution of the Management Board of the Bank.

Listing and admission to trading of Covered Bonds

Application will be made to list Covered Bonds issued under the Programme on the Official List of the Luxembourg Stock Exchange and/or the Warsaw Stock Exchange and to admit to trading the Covered Bonds on the Regulated Market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*) and/or on the Regulated Market of the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*). Each of the Luxembourg Stock Exchange's Regulated Market and the Warsaw Stock Exchange's Regulated Market is a regulated market for the purposes of the MiFID II. The Programme provides that Covered Bonds may be listed on further stock exchanges, as may be agreed between the Bank and the relevant Dealer(s) in relation to each Series, as specified in the relevant Final Terms. Covered Bonds may further be issued under the Programme without being listed on any stock exchange.

Covered Bonds which are unlisted or to be listed or admitted to trading, as the case may be, on another stock exchange or market may be issued under this Programme but only, in the case of Covered Bonds listed or admitted to trading on another stock exchange or market, if the Bank ensures that all laws and regulations are complied with including, among others, any applicable requirements for notifications of competent authorities provided by the Prospectus Regulation.

The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Documents Available

For a period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available during normal business hours (in the case of (d) below, for inspection only) from the registered office of the Bank and from the specified office of the Paying Agent for the time being in Luxembourg:

(a) the constitutional documents (with English translations thereof) of the Bank (the English translation of the Bank's Statute is also available at: https://www.pkobh.pl/media_files/b32d9c78-a3dd-4fd8-83c0-73d7b115e70d.pdf);

(b) the audited financial statements of the Bank for the year ended 31 December 2024 (with English translations), together with the audit report prepared in connection therewith (available also at: https://www.pkobh.pl/en/reports/financial-reports/);

(c) the audited financial statements of the Bank for the year ended 31 December 2023 (with English translations), together with the audit report prepared in connection therewith (available also at: https://www.pkobh.pl/en/reports/financial-reports/);

(d) the Programme Agreement and the Agency Agreement;

(e) a copy of this Base Prospectus (available also at: https://www.pkobh.pl/en/covered-bond/international-covered-bonds-issue-programme/);

(f) any future base prospectuses, offering circulars, prospectuses, information memoranda, supplements and Final Terms (save that the Final Terms relating to a Covered Bond which is neither admitted for 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 will only be available for inspection by a Holder of such Covered Bond and such Holder must produce evidence satisfactory to the Bank and the Paying Agent as to its holding of Covered Bonds and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference (available also at: https://www.pkobh.pl/en/covered-bond/international-covered-bonds-issue-programme/);

(g) in the case of each issue of Covered Bonds listed on an EEA Stock Exchange and subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document);

(h) the Green Bond Framework (available also at: https://www.pkobh.pl/media_files/30aaee5c-7f80-418b-ab32-990a4c0ff1c9.pdf); and

(i) the Second-Party Opinion concerning the Green Bond Framework (available also at: https://www.pkobh.pl/media_files/200f8bfd-df31-4791-985a-348a3e6cbc0b.pdf).

The Second-Party Opinion was issued by Sustainalytics on 23 August 2024. The Second-Party Opinion confirms that the Bank's Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021, i.e., use of proceeds, project evaluation and selection, management of proceeds and reporting. The scope of services rendered by Sustainalytics was customary for entities issuing such opinion in relation to Green Bond Framework.

The Base Prospectus and the documents incorporated by reference in the Base Prospectus will remain publicly available in electronic form for as long the Covered Bonds issued under this Base Prospectus are outstanding, or for 10 years following the approval of this Base Prospectus, whichever falls later, on the relevant website indicated under "Documents incorporated by reference".

For the avoidance of doubt, the content on the websites available via hyperlinks included in this Base Prospectus does not form a part of this Base Prospectus and has not been scrutinized or approved by the CSSF, except where that information has been incorporated by reference into this Base Prospectus.

Clearing Systems

The Covered Bonds other than the PLN Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code, the International Securities Identification Number (ISIN) and the alphabetical code of each Series of Covered Bonds will be set out in the relevant Final Terms.

If the Covered Bonds other than the PLN Covered Bonds are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The PLN Covered Bonds will be cleared through the NDS in the manner described in the section '*Form of the Covered Bonds – The PLN Covered Bonds.*'

Conditions for determining price

The price and amount of Covered Bonds to be issued under the Programme will be determined by the Bank and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no material adverse change in the prospects of the Bank since 31 December 2024 and there has been no significant change in the financial position and financial performance of the Bank since 30 June 2024.

Litigation

The Bank is not and has not been involved in any governmental, legal or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Covered Bonds (including any such proceedings which are pending or threatened of which the Bank is aware) in the 12 months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Bank.

Auditors

The Bank's financial statements for the financial year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, were audited by Katarzyna Łącka-Dziekan, a certified auditor registered under No. 13131 in the register held by the National Council of Statutory Auditors, acting on behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa, an entity entered on the list of audit firms held by the Polish Agency for Audit Oversight under no. 3546. KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa issued an unqualified audit report on these financial statements of the Bank. The Bank's financial statements for the financial year ended 31 December 2023, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, were 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 and the Group's financial statements for the financial years ending 31 December 2025 and 31 December 2026 will be audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Yield

In relation to any Tranche of Fixed Rate Covered Bonds, an indication of the yield in respect of such Covered Bonds will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Covered Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Covered Bonds and will not be an indication of future yield.

Arranger and/or Dealers transacting with the Bank

The Arranger, certain Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Bank and its affiliates in the ordinary course of business. Except as discussed in the relevant Final Terms, the Arranger, certain Dealers and their affiliates may be customers of, and borrowers from the Bank and its affiliates. In addition, the Arranger, certain Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Bank and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the certain Arranger, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Bank or the Bank's affiliates. The Arranger, the certain Dealers or their affiliates that have a lending relationship with the Bank routinely hedge their credit exposure to the Bank consistent with their customary risk management policies. Typically, the Arranger, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Arranger, the Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Post-issuance information

In connection with the issuance of mortgage covered bonds by the Bank and in accordance with Article 129 section 7 of the CRR, the Bank publishes regular disclosure reports (*raporty ujawnień*) detailing the Bank's issuances of the mortgage covered bonds and cover pool register. The abovementioned disclosure reports (*raporty ujawnień*) are published on the Bank's website http://www.pkobh.pl/relacje-inwestorskie/raporty/raporty-ujawnien/.

BANK

PKO Bank Hipoteczny Spółka Akcyjna
ul. Puławska 15
02-515 Warsaw
Poland

ARRANGER, DEALER, POLISH PAYING AGENT AND THE CALCULATION AGENT WITH REGARD TO THE PLN COVERED BONDS

Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
ul. Puławska 15
02-515 Warsaw
Poland

POLISH ISSUE AGENT (*AGENT EMISJI*)

Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna
Oddział – Biuro Maklerskie w Warszawie
ul. Puławska 15
02-515 Warsaw
Poland

ISSUING AND PRINCIPAL PAYING AGENT, CALCULATION AGENT AND LUXEMBOURG LISTING AGENT WITH REGARD TO THE COVERED BONDS OTHER THAN THE PLN COVERED BONDS

Société Générale Luxembourg
11 avenue Emile Reuter
L-2420 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS TO THE BANK

as to Polish law

White & Case M. Studniarek i Wspólnicy - Kancelaria Prawna sp.k.
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00-133 Warsaw
Poland

as to English law

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

AUDITOR

for the financial year 2023

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa
ul. Polna 11
00-633 Warsaw
Poland

starting from the financial year 2024

KPMG Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa
ul. Inflancka 4A
00-189 Warsaw
Poland