

IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. This notice applies to the simplified base prospectus dated 20 March 2025 (the "**Simplified Base Prospectus**") following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Simplified Base Prospectus. In accessing the Simplified Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive information from The State Treasury of the Republic of Poland represented by the Minister of Finance (the "**Republic**") and the Dealers (as defined in the Simplified Base Prospectus) as a result of such access.

NOTHING HEREIN CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE DISTRIBUTION OF THE SIMPLIFIED BASE PROSPECTUS AND THE OFFERING, SALE AND DELIVERY OF THE SECURITIES DISCUSSED IN THE SIMPLIFIED BASE PROSPECTUS (THE "**NOTES**") IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS INTO WHOSE POSSESSION THE SIMPLIFIED BASE PROSPECTUS COMES ARE REQUIRED BY THE REPUBLIC AND THE DEALERS TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS. IN PARTICULAR, THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE SIMPLIFIED BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY U.S. PERSON OR U.S. ADDRESS. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES.

Confirmation of your representation: In order to be eligible to view the attached Simplified Base Prospectus or make an investment decision with respect to the Notes, prospective investors must be non-U.S. persons (as defined in Regulation S under the Securities Act) located outside the United States. By accessing the Simplified Base Prospectus, you shall be deemed to have represented to the Republic and the Dealers that you and any customers you represent are non-U.S. persons located outside of the United States and any electronic mail address that you have provided and to which the Simplified Base Prospectus may have been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia.

The Simplified Base Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Republic, the Dealers or any of them that any recipient of the Simplified Base Prospectus should subscribe for or purchase any Notes. Each recipient of this Simplified Base Prospectus shall be taken to have made its own investigation and appraisal of the condition of the Republic.

The Simplified Base Prospectus does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of Notes be made by a licensed broker or dealer, the Dealer(s) or any affiliate of the Dealer(s) is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Dealer(s) or such affiliate on behalf of the Republic in such jurisdiction.



**The State Treasury of
THE REPUBLIC OF POLAND**

**Represented by
The Minister of Finance**

*€85,000,000,000
Euro Medium Term Note Programme*

Application has been made to the Luxembourg Stock Exchange for notes (the "**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Simplified Base Prospectus to be listed on, and to be admitted to trading on, the regulated market of the Luxembourg Stock Exchange. The Notes may also have a secondary listing on the regulated market in Poland and be admitted to trading on such market.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Republic (as defined herein) and the relevant Dealer. The Republic may also issue unlisted Notes and/or Notes not admitted to trading on any market.

This Simplified Base Prospectus does not constitute a prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 as amended.

Arranger

DEUTSCHE BANK

Dealers

BARCLAYS

CITIGROUP

DEUTSCHE BANK

GOLDMAN SACHS BANK EUROPE SE

ING

**SANTANDER CORPORATE &
INVESTMENT BANKING**

UBS INVESTMENT BANK

BNP PARIBAS

COMMERZBANK

ERSTE GROUP

HSBC

J.P. MORGAN

**SOCIÉTÉ GÉNÉRALE
CORPORATE & INVESTMENT BANKING**

20 March 2025

IMPORTANT NOTICES

Responsibility for this Simplified Base Prospectus

The State Treasury of the Republic of Poland represented by the Minister of Finance ("**Poland**" or the "**Republic**") accepts sole responsibility for the information contained in this document.

Other relevant information

This Simplified Base Prospectus should be read and construed together with any amendments or supplements hereto and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Final Terms (as defined herein). This Simplified Base Prospectus is valid for one year from the date of this document.

The Republic has confirmed to the Dealers named under "*Subscription and Sale*" below that this Simplified Base Prospectus (including for this purpose, the relevant Final Terms) contains all information which is (in the context of the Programme and the issue of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that this Simplified Base Prospectus does not omit to state any material fact necessary to make such information (in the context of the Programme and the issue of the Notes) not misleading in any material respect.

The Republic confirms that any information from third party sources has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Simplified Base Prospectus or any other document entered into in relation to the Programme and, if given or made, such information or representation should not be relied upon as having been authorised by the Republic or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and none of the Dealers and any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Simplified Base Prospectus or any responsibility for any acts or omissions of the Republic or any other person (other than the relevant Dealer) in connection with the issue and offering of the Notes. Neither the delivery of this Simplified Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Simplified Base Prospectus is true subsequent to the date hereof or the date upon which this Simplified Base Prospectus has been most recently amended or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial, economic, political or otherwise) of the Republic since the date thereof or, if later, the date upon which this Simplified Base Prospectus has been most recently amended or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Restrictions on distribution

The distribution of this Simplified Base Prospectus and Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Simplified Base Prospectus or the Final Terms comes are required by the Republic and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Simplified Base Prospectus or the Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Neither this Simplified Base Prospectus nor the Final Terms constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Republic, the Dealers or any of them that any recipient of this Simplified Base Prospectus or the Final Terms should subscribe

for or purchase any Notes. Each recipient of this Simplified Base Prospectus or the Final Terms shall be taken to have made its own investigation and appraisal of the condition of the Republic.

Notes issued as Green Bonds

The Final Terms relating to a specific Tranche of Notes may provide that the Republic has identified certain "green" criteria for the use of the proceeds of such Notes (each, a "**Green Bond**"). In such a case, it would be the Republic's intention to apply an amount which, at the Issue Date of the relevant Notes, is equal to the net proceeds of the issue of such Notes specifically for relevant project(s), asset(s) and use(s) ("**Eligible Projects**") in line with any relevant Green Bond framework that the Republic may publish from time to time.

None of the Dealers accepts any responsibility for any social, environmental and sustainability assessment of any Notes issued as Green Bonds or makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including but not limited to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Taxonomy Regulation**") and any related technical screening criteria, the regulation adopted by the European Council on 23 October 2023 creating a European green bond standard (the "**final adopted European Green Bond Standard**"), Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**") and any implementing legislation and guidelines, or any similar legislation in the United Kingdom or any market standards or guidance, including green, sustainable or social bond principles or other similar principles or guidance published by ICMA (the "**ICMA Principles**") or any requirements of such labels or market standards as they may evolve from time to time. None of the Dealers is responsible for (i) the use or allocation of proceeds for any Notes issued as Green Bonds, (ii) the impact, monitoring or reporting in respect of such use of proceeds, or (iii) the alignment of the bond with the Issuer's Green Bond Framework or alignment of the Issuer's Green Bond Framework with the applicable ICMA Principles, (iv) nor do any of the Dealers undertake to ensure that there are at any time sufficient Eligible Projects to allow for allocation of a sum equal to the net proceeds of the issue of such Green Bonds in full. In addition, none of the Dealers is responsible for the assessment of any relevant Green Bond framework that the Republic may publish from time to time, including the assessment of the applicable eligibility criteria in relation to Green Bonds set out in therein.

The Republic may obtain an independent opinion on any Green Bond framework that it may publish from time to time (the "**Second Party Opinion**"). Such Second Party Opinion would provide an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. Any Second Party Opinion would be a statement of opinion, not a statement of fact. No representation or assurance is given by the Dealers as to the suitability or reliability of any Second Party Opinion or any opinion, review or certification of any third party (including any post-issuance reports prepared by an external reviewer) made available in connection with an issue of Notes issued as Green Bonds. As at the date of this Simplified Base Prospectus, the providers of such opinions, reviews, certifications and post-issuance reports are not subject to any specific regulatory or other regime or oversight. Any Second Party Opinion and any other such opinion, review, certification or post-issuance report is not, nor should be deemed to be, a recommendation by the Dealers, or any other person to buy, sell or hold any Notes and is current only as of the date it is issued. Prospective investors must determine for themselves the relevance of any such opinion, review certification, or post-issuance report and/or the information contained therein. The criteria and/or considerations that form the basis of any Second Party Opinion or any such other opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn at any time. Any withdrawal of the Second Party Opinion or any other opinion or certification may have a material adverse effect on the value of any Green Bonds in respect of which such opinion or certification is given and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Any relevant Green Bond framework that the Republic publishes from time to time may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Prospectus. No Green Bond framework of the Republic, Second Party Opinion or any other such opinion, review, certification or post-issuance report relating to Notes issued as Green Bonds under the Programme forms part of, or is incorporated by reference in, this Simplified Base Prospectus.

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

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €85,000,000,000 (and, for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

Certain definitions; interpretation

In this Simplified Base Prospectus, unless otherwise specified, references to "**U.S.\$**", "**U.S. dollars**" or "**USD**" are to United States dollars, references to "**EUR**", "**€**" or "**euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "**złoty**" or "**PLN**" are to Polish złoty, references to the "**EU**" are to the European Union, references to "**Member States**" are to member states of the EU, references to the "**EEA**" are to the European Economic Area, references to the "**UK**" are to the United Kingdom and references to the "**United States**" and "**U.S.**" are to the United States of America.

Conversions of amounts from złoty to U.S. dollars or euro are solely for the convenience of the reader and, unless otherwise stated, are made at year end exchange rates. No representation is made that złoty, U.S. dollar or euro amounts referred to herein could have been or could be converted into U.S. dollar, euro or złoty, as the case may be, at any particular rate or at all. The National Bank of Poland's foreign exchange rate for U.S. dollars on 19 March 2025 was PLN 3.8473 = U.S.\$1, whilst the National Bank of Poland's foreign exchange rate for euro on the same day was PLN 4.1945 = €1.

Unless otherwise stated, all annual information, including budgetary information, is based on calendar years.

Certain figures included in this Simplified Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Foreign language

The language of this Simplified Base Prospectus is English. Certain legislative references, technical terms and other information have been cited in their original language in order that the correct technical meaning may be ascribed to them.

Websites

In this Simplified Base Prospectus, reference to websites or uniform resource locators (URLs) are inactive textual references. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Simplified Base Prospectus.

Product Governance under MiFID II

The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under Article 9(8) of EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a

manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Product Governance under UK MiFIR

The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Product classification pursuant to Section 309B of the Securities and Futures Act 2001

The applicable Final Terms in respect of any Tranche of Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"). If applicable, the Republic will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) and Section 309B(1)(c) of the SFA.

Benchmark Regulation

Amounts payable under the Notes may be calculated by reference to an index or reference rate. Any such reference rate or index may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (as amended, the "**Benchmark Regulation**"). The Final Terms for any such Notes will specify whether the administrator for the relevant index or reference rate appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation. However, not every reference rate will fall within the scope of the Benchmark Regulation and transitional provisions in the Benchmark Regulation may result in the administrator of a particular benchmark not appearing in the ESMA register at the date of the Final Terms. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Republic does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

Enforcement of foreign arbitration awards and court judgements in Poland

The Republic is party to the 1958 New York Convention on recognition and enforcement of arbitration awards (the "**Convention**") and is bound by Regulation (EU) of the European Parliament and of the Council No. 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (the "**Regulation Recast**"); foreign arbitration awards and foreign court judgments made or delivered in the countries party to the Convention or bound by the Regulation and Regulation Recast are generally recognised and enforceable in the Republic **provided that** the conditions of enforcement set out in the Convention or the Regulation or Regulation Recast are met. Foreign court judgments delivered in the countries which are not bound by the Regulation and Regulation Recast are all recognisable under Article 1145 of the Polish Code of Civil Procedure (*Kodeks postępowania cywilnego*) and enforceable under Article 1150 of the Polish Code of Civil Procedure in the Republic unless they fail to satisfy the requirements listed in Article 1146 of the Polish Code of Civil Procedure or they are not enforceable in the country of their origin with the exception of the foreign court judgments that were issued in the countries with which the Republic is bound by a relevant international treaty (bilateral or multilateral) and such treaty waives the application of the relevant provisions of the Polish Code of Civil Procedure.

Cap on interest rate

According to the Polish Civil Code (*Kodeks cywilny*), the maximum rate of interest cannot be higher than two times the statutory interest rate (equal to the reference rate of the National Bank of Poland (the "NBP") plus 3.5 percentage points). Furthermore, the maximum rate of default interest cannot be higher than two times the default statutory interest rate (equal to the reference rate of the NBP plus 5.5 percentage points). As at 19 March 2025, the reference rate amounted to 5.75 per cent. Under the Polish Civil Code, the restriction applies regardless of whether the agreement is governed by Polish or English law. There is a risk that Polish courts may refuse to recognise and enforce a foreign judgment for the payment of interest or default interest on the basis that it abuses the basic principles of Polish law if the rate of interest or default interest is higher than the relevant maximum rate.

Forward-looking statements

This Simplified Base Prospectus may include forward-looking statements. All statements other than statements of historical fact included in this Simplified Base Prospectus regarding, among other things, Poland's economy, fiscal condition, politics, debt or prospects may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "project", "intend", "estimate", "anticipate", "believe", "continue", "could", "should", "would" or the like. Although the Republic believes that expectations reflected in any forward-looking statements contained herein are reasonable at this time, there can be no assurance that such expectations will prove to be correct. The Republic undertakes no obligation to update the forward-looking statements contained in this Simplified Base Prospectus or any other forward-looking statement included herein.

Stabilisation

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

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RATINGS

As at the date of this Simplified Base Prospectus, the following credit ratings have been assigned to the Republic:

Rating Agency	Foreign Currency		Local Currency		Outlook
	Long-term	Short-term	Long-term	Short-term	
Fitch Ratings ⁽¹⁾	A-	F1	A-	F1	Stable
Moody's Investors Service ⁽²⁾	A2	P-1	A2	P-1	Stable
S&P Global Ratings ⁽³⁾	A-	A-2	A	A-1	Stable

Sources: www.fitchratings.com, www.moody's.com and www.standardandpoors.com

⁽¹⁾ Rating issued by Fitch Ratings Ireland Limited ("**Fitch**"), Frankfurt am Main branch, an affiliate of Fitch Ratings.

⁽²⁾ Rating issued by Moody's Deutschland GmbH ("**Moody's**"), an affiliate of Moody's Investors Service.

⁽³⁾ Rating issued by S&P Global Ratings Europe Limited ("**S&P**"), Frankfurt am Main branch, an affiliate of S&P Global Ratings.

Each of Fitch, Moody's and S&P is a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"). Ratings issued by Fitch, Moody's and S&P are endorsed by Fitch Ratings Ltd, Moody's Investors Service Ltd. and S&P Global Ratings UK Limited, respectively, each of which is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Republic or to Notes already issued.

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 EU CRA Regulation unless (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 EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (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 registration status of any credit rating agency under the EU CRA Regulation and the UK CRA Regulation is a matter of public record. ESMA maintains on its website a list of credit rating agencies registered and certified in accordance with the EU CRA Regulation and the Financial Conduct Authority maintains on its website a list of credit rating agencies registered and certified in accordance with the UK CRA Regulation.

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.

DOCUMENTS INCORPORATED BY REFERENCE

This Simplified Base Prospectus shall be read and construed in conjunction with any supplement hereto and, in relation to any Tranche of Notes, together with the relevant Final Terms, in each case on the basis that such supplement or such Final Terms is or are incorporated into and form part of this Simplified Base Prospectus, **provided, however, that** any statement contained in this Simplified Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Simplified Base Prospectus shall be deemed to be modified or superseded for the purposes of this Simplified Base Prospectus to the extent that a statement contained in any supplement to this Simplified Base Prospectus modifies or supersedes such statement (whether expressly, by implication or otherwise). Any such statement so modified or supplemented shall not be deemed to constitute a part of this Simplified Base Prospectus except as so modified or superseded.

The Republic will, at the specified office of the Fiscal Agent, provide, free of charge, upon oral or written request, a copy of this Simplified Base Prospectus (or any document incorporated by reference in this Simplified Base Prospectus). Written or oral requests for such documents should be directed to the specified office of Fiscal Agent.

In addition, this Simplified Base Prospectus, any supplements hereto and the documents specified above as containing information incorporated by reference in this Simplified Base Prospectus will also be available on the website of the Luxembourg Stock Exchange (www.LuxSE.com).

UPDATE OF OR SUPPLEMENT TO SIMPLIFIED BASE PROSPECTUS

This Simplified Base Prospectus is valid for one year from the date of this document. The Republic has undertaken that during this period, in the event that a significant new factor, material mistake or inaccuracy relating to the information included in the Simplified Base Prospectus arises or is noted which is capable of affecting assessment of the Notes which may be issued under the Programme or if the terms of the Programme are amended in a manner which would make the Simplified Base Prospectus, as supplemented, inaccurate or misleading, the Republic will update or amend this Simplified Base Prospectus or, as the case may be, publish a new Simplified Base Prospectus, for use in connection with any subsequent issue of Notes by the Republic.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is qualified in its entirety by the remainder of this Simplified Base Prospectus. Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Issuer:	The State Treasury of the Republic of Poland represented by the Minister of Finance.
Arranger:	Deutsche Bank Aktiengesellschaft.
Dealers:	Banco Santander, S.A., Barclays Bank Ireland PLC, BNP PARIBAS, Citigroup Global Markets Europe AG, Commerzbank Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, Erste Group Bank AG, Goldman Sachs Bank Europe SE, HSBC Continental Europe, ING Bank N.V., J.P. Morgan SE, Société Générale, UBS Europe SE and any other Dealer appointed from time to time by the Republic either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent:	Citibank, N.A., London Branch.
Listing:	Each Series may be listed on the regulated market of the Luxembourg Stock Exchange and may also have a secondary listing on the regulated market in Poland, and/or be admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Republic and the relevant Dealer and specified in the relevant Final Terms or may be unlisted.
Clearing Systems:	Clearstream, Luxembourg and/or Euroclear and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount: ..	Up to €85,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date, the issue price and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Final Terms:	Each Tranche will be the subject of the Final Terms which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and this Simplified Base Prospectus and must be read in conjunction with this Simplified Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as supplemented, amended and/or replaced by the relevant Final Terms.
Forms of Notes:	Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (the " Classical Global Note " or " CGN "), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system and each Global Note which is intended to be issued

in new global note form (the "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issued date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Currencies: Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and/or the regulations of the applicable securities system in which the Notes are issued. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Status of the Notes: The Notes constitute direct, general and unconditional obligations of the Republic and will at all times rank *pari passu* and without any preference among themselves. The full faith and credit of the Republic is pledged for the due and punctual payment of the principal of, and interest on, the Notes and the performance of all the Republic's other obligations under the Notes. The payment obligations of the Republic under the Notes will at all times rank at least equally with all the other present and future unsecured and unsubordinated indebtedness of the Republic, except for any obligation which may be preferred by mandatory provisions of applicable law.

Issue Price: Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms.

Maturities: Any maturity subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Republic in the UK or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Republic in the UK, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of Financial Services and Markets Act 2000 as amended (the "**FSMA**") by the Republic.

Redemption: Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more

instalments on such dates and in such manner as may be specified in the relevant Final Terms.

Optional Redemption:..... Notes may be redeemed before their stated maturity at the option of the Republic (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.

Interest: Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

Denominations:..... Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, and the regulations of the applicable securities system in which the Notes are issued.

Negative Pledge:..... The Notes will have the benefit of a negative pledge as described in Condition 5 (*Negative Pledge*). Subject to certain exceptions, so long as any Note remains outstanding, the Republic shall not, and shall not permit any Agency to, create or permit to arise or subsist any Security Interest (other than a Permitted Security Interest) upon any of the Republic's assets or revenues, present or future, to secure any Public External Indebtedness of the Republic or of any other Person or any guarantee or indemnity thereof unless the Republic's obligations under the Notes, at the same time or prior thereto, are secured equally and rateably therewith or have the benefit of such other arrangement as may be approved by Noteholders as a Reserved Matter (as described in Condition 17 (*Meetings of Noteholders; Written Resolutions*)).

"Public External Indebtedness" means any obligation incurred after 1945 for borrowed money (a) evidenced by bonds, notes or other securities which are or may be quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market and (b) denominated or payable, or at the option of the holder thereof payable, in a currency other than the lawful currency of the Republic.

Taxation: All payments in respect of Notes will be made free and clear of withholding taxes of the Republic of Poland, unless the withholding is required by law. In that event, the Republic will (subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Redenomination:..... In respect of any Tranche of Notes, if the country of the Specified Currency becomes, or announces its intention to become, a Participating Member State, the Notes may be redenominated in euro in accordance with Condition 22 (*Redenomination, Renominalisation and Reconventioning*) if so specified in the relevant Final Terms.

Governing Law:..... English law.

Enforcement of Notes in Global Form:..... In the case of Global Notes, investors' rights against the Republic will be supported by a Deed of Covenant dated 20 March 2025, a copy of which will be available for inspection at the specified office of the Fiscal Agent.

Selling Restrictions:..... For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the UK, the Republic of Poland, France, Italy, Japan and Singapore (see "*Subscription and Sale*" below).

FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is intended to be issued in CGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and/or Euroclear Bank SA/NV ("**Euroclear**") and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be delivered on or prior to the issue date of the relevant Tranche of the Notes to a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006, the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time, the ECB also announced that arrangements for Notes in NGN form would be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 would only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will indicate whether such Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for the Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

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

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Republic shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) in the case of a CGN, presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent;
- (ii) in the case of partial exchange of a NGN, confirmation from the common service provider that Euroclear and Clearstream, Luxembourg have made appropriate entries in their records to reflect the relevant exchange and, in the case of final exchange of a NGN, surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent or destruction of the Temporary Global Note by the common safekeeper in accordance with the Agency Agreement; and
- (iii) in either case, receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; **provided, however, that** in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) both Clearstream, Luxembourg or Euroclear and any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) an Event of Default as defined in Condition 13 (*Events of Default*) occurs and the Notes become due and payable.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Republic shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Republic shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) both Clearstream, Luxembourg or Euroclear and any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) an Event of Default as defined in Condition 13 (*Events of Default*) occurs and the Notes become due and payable.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Republic shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

Exchanges of Notes and Specified Denominations

The exchange upon expiry of a period of notice or at any time options referred to above should not be expressed to be applicable if the Specified Denomination of the relevant Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Temporary Bearer Global Notes exchangeable for Definitive Notes.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"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."

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

- (a) **Programme:** The State Treasury of the Republic of Poland represented by the Minister of Finance (the "**Republic**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €85,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of the final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) **Agency Agreement:** The Notes are the subject of an amended and restated issue and paying agency agreement dated 20 March 2025 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Republic and Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes).
- (d) **The Notes:** All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the Specified Office of the Fiscal Agent and the Paying Agent.
- (e) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to its detailed provisions. The holders of the Notes (the "**Noteholders**" or the "**Holders**") and the holders of the related interest coupons, if any (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.
- (f) **Status:** The Notes are treasury bonds within the meaning of the Order of the Minister of Finance on the conditions of issuing treasury bonds to be offered on foreign markets dated 15 December 2010 (unified text: Journal of Laws of 2016 item 1884).

2. Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:
 - "**2006 ISDA Definitions**" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);
 - "**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);
 - "**Accrual Yield**" has the meaning given in the relevant Final Terms;
 - "**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"Additional Financial Centre(s)" means the city or cities specified as such in the relevant Final Terms;

"Agency" means any political sub-division, regional government, ministry, department, authority or statutory corporation of the Republic of Poland or the government thereof (whether or not such statutory corporation is autonomous) and any corporation or other entity (but not any commercial corporation or other commercial entity) which is directly or indirectly controlled (whether by reason of whole or partial ownership, control over voting or other relevant decision-making power to direct management, the composition of management or otherwise) by the Republic of Poland or the government thereof and/or one or more Agencies;

"Business Day" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"Business Day Convention", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or "Modified Business Day Convention" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention", "Floating Rate Convention" or "Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"Calculation Amount" has the meaning given in the relevant Final Terms;

"Coupon Sheet" means, in respect of a Note, a coupon sheet relating to the Note;

"Day Count Fraction" means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:
 - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if **"Actual/365" or "Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if **"30/360"** is so specified, means the number of days in the Calculation 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 Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, means the number of days in the Calculation 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 Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

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

- (vii) if "**30E/360 (ISDA)**" is so specified, means the number of days in the Calculation 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 Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

"D₁" is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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;

"Early Termination Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"Final Redemption Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Fixed Coupon Amount" has the meaning given in the relevant Final Terms;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Determination Date" has the meaning given in the relevant Final Terms;

"Interest Payment Date" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date;

"ISDA Definitions" has the meaning given in the relevant Final Terms;

"Issue Date" has the meaning given in the relevant Final Terms;

"Margin" has the meaning given in the relevant Final Terms;

"Maturity Date" has the meaning given in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Member State" means a member state of the European Union;

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms;

"Participating Member State" means a Member State which adopts the euro as its lawful currency in accordance with the Treaty;

"Paying Agents" means the Fiscal Agent and any additional paying agent appointed pursuant to the Agency Agreement;

"Payment Business Day" means:

- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Permitted Security Interest" means:

- (i) any Security Interest upon property to secure Public External Indebtedness incurred for the purpose of financing the acquisition of such property (or property which forms part of a class of assets of a similar nature where the Security Interest is by reference to the constituents of such class from time to time); or
- (ii) any Security Interest existing on property at the time of its acquisition; or
- (iii) any Security Interest arising by operation of law which has not been foreclosed or otherwise enforced against the assets to which it applies; or
- (iv) any Security Interest securing or providing for the payment of Public External Indebtedness incurred in connection with any Project Financing provided that such Security Interest applies to (A) properties which are the subject of such Project Financing or (B) revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss of, or failure to complete, or damage to, such properties; or
- (v) the renewal or extension of any Security Interest described in subparagraphs (i) to (iv) above, provided that the principal amount of the Public External Indebtedness secured thereby is not increased;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other jurisdiction or entity, including without limitation, a state or agency of a state or other entity, whether or not having separate legal personality;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to euro, it means the principal financial centre of such Member State as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

- (ii) in relation to Australian dollars, it means Sydney and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Project Financing" means any arrangement for the provision of funds which are to be used solely to finance a project for the acquisition, construction, development or exploitation of any property pursuant to which the persons providing such funds agree that the principal source of repayment of such funds will be the project and the revenues (including insurance proceeds) generated by such project;

"Public External Indebtedness" means any obligation incurred after 1945 for borrowed money (A) evidenced by bonds, notes or other securities which are or may be quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market and (B) denominated or payable, or at the option of the holder thereof payable, in a currency other than the lawful currency of the Republic;

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, means four major banks selected by the Republic and/or an agent appointed by the Republic in the market that is most closely connected with the Reference Rate;

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

"Reference Rate" has the meaning given in the relevant Final Terms;

"Regular Period" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"Relevant Date" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received

by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Financial Centre" has the meaning given in the relevant Final Terms;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Time" has the meaning given in the relevant Final Terms;

"Security Interest" means any mortgage, charge, pledge, lien, security interest or other encumbrance securing any obligation of the Republic or any other type of preferential arrangement having similar effect over any assets or revenues of the Republic;

"Specified Currency" has the meaning given in the relevant Final Terms;

"Specified Denomination(s)" has the meaning given in the relevant Final Terms;

"Specified Office" has the meaning given in the Agency Agreement;

"Specified Period" has the meaning given in the relevant Final Terms;

"Talon" means a talon for further Coupons;

"T2" means the real time gross settlement system operated by the Eurosystem or any successor system;

"TARGET Settlement Day" means any day on which T2 is open for the settlement of payments in euro;

"Treaty" means the Treaty on the Functioning of the European Union, as amended; and

"Zero Coupon Note" means a Note specified as such in the relevant Final Terms.

(b) **Interpretation:** In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;

- (vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes..

3. **Form Denomination and Title**

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

4. **Status**

The Notes constitute direct, general and unconditional obligations of the Republic and will at all times rank *pari passu* and without any preference among themselves. The full faith and credit of the Republic is pledged for the due and punctual payment of the principal of, and interest on, the Notes and the performance of all the Republic's other obligations under the Notes. The payment obligations of the Republic under the Notes will at all times rank at least equally with all the other present and future unsecured and unsubordinated indebtedness of the Republic, save only for any obligation which may be preferred by mandatory provisions of applicable law.

5. **Negative Pledge**

So long as any Note remains outstanding (as defined in the Agency Agreement), the Republic shall not, and shall not permit (to the extent the Republic has the power to refuse such permission) any Agency to, create or permit to arise or subsist any Security Interest (other than a Permitted Security Interest) upon any of the Republic's assets or revenues, present or future, to secure any Public External Indebtedness of the Republic or of any other Person or any guarantee or indemnity of the Republic in respect of Public External Indebtedness of any other Person unless, at the same time or prior thereto, and thereafter, the Republic's obligations under the Notes are secured equally and rateably therewith or have the benefit of such other arrangement as may be approved by Noteholders as a Reserved Matter (as described in Condition 17 (*Meetings of Noteholders; Written Resolutions*)).

6. **Fixed Rate Note Provisions**

- (a) **Application:** This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified

Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note and Index-Linked Interest Note Provisions

- (a) **Application:** This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.

- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as at the Relevant Time on the relevant Interest Determination Date;
- (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as at the Relevant Time on the relevant Interest Determination Date, where:
 - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period.

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent (or, where the Calculation Agent is the Fiscal Agent, the Republic or its designee) shall determine such rate at such time and by reference to such sources as it determines appropriate;

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as at the Relevant Time on the relevant Interest Determination Date;

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

(d) **ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) unless otherwise specified in the relevant Final Terms, has the meaning given to it in the ISDA Definitions;
- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the rate for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available that is the next shortest after the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available that is the next longest after the length of the relevant Interest Period,

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

- (v) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the ISDA Definitions), Compounding is specified to be applicable in the relevant Final Terms and:
 - (A) Compounding with Lookback is specified as the Compounding Method in the relevant Final Terms, Lookback is the number of Applicable Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms;
 - (B) Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Final Terms, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (b) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or

- (C) Compounding with Lockout is specified as the Compounding Method in the relevant Final Terms, (a) Lockout is the number of Lockout Period Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (b) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms;
- (vi) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the ISDA Definitions), Averaging is specified to be applicable in the relevant Final Terms and:
 - (A) Averaging with Lookback is specified as the Averaging Method in the relevant Final Terms, Lookback is the number of Applicable Business Days (as defined in the ISDA Definitions) as specified in the relevant Final Terms;
 - (B) Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Final Terms, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (b) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or
 - (C) Averaging with Lockout is specified as the Averaging Method in the relevant Final Terms, (a) Lockout is the number of Lockout Period Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (b) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms;
- (vii) if the specified Floating Rate Option is an Index Floating Rate Option (as defined in the ISDA Definitions) and Index Provisions are specified to be applicable in the relevant Final Terms, the Compounded Index Method with Observation Period Shift (as defined in the ISDA Definitions) shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (b) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms;
- (viii) references in the ISDA Definitions to:
 - (A) "Confirmation" shall be references to the relevant Final Terms;
 - (B) "Calculation Period" shall be references to the relevant Interest Period;
 - (C) "Termination Date" shall be references to the Maturity Date;
 - (D) "Effective Date" shall be references to the Interest Commencement Date; and
 - (E) "Administrator/Benchmark Event" in the 2021 ISDA Definitions shall be disappplied; and
- (ix) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate."
- (e) **Index-Linked Interest:** If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.
- (f) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

- (g) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (h) **Calculation of other amounts:** If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (i) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than four Business Days after the relevant Interest Determination Date. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and Interest Amount in respect of a Note having the minimum Specified Denomination.
- (j) **Notifications, etc.:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Republic, the Paying Agents, the Noteholders and the Couponholders and, subject to the foregoing, no liability to any such Person will attach to the Calculation Agent in connection with its exercise or failure to exercise its powers, duties and discretions for such purposes.
- (k) **Determination of alternative benchmark/reference rate by the Republic or its designee:** The Republic hereby agrees that it shall not name the Fiscal Agent or Citibank, N.A., London Branch as Calculation Agent in the Conditions, final terms and/or any other transaction document (the "**Transaction Documents**") for any Series of Notes where the Calculation Agent is required to form an opinion and/or exercise discretion and/or determine alternative and/or substitute benchmarks, reference rates, successor reference rates and/or screen pages, interest adjustment factors/fractions or spreads, market disruptions, benchmark amendment conforming changes, selections of Reference Banks. If, for whatever reason, any clause or reference or statement in the Transaction Documents refers to the Calculation Agent forming an opinion and/or exercising discretion and/or determining alternative and/or substitute benchmarks, reference rates, successor reference rates and/or screen pages, interest adjustment factors/fractions or spreads, market disruptions, benchmark amendment conforming changes, selection of Reference Banks, and the Fiscal Agent or Citibank, N.A., London Branch has been appointed in such capacity then such reference to the Calculation Agent shall be construed as a reference to the Republic (or its designee) exercising such opinions and/or discretions and/or making such determinations and/or selections for the relevant Series of Notes.

8. **Zero Coupon Note Provisions**

- (a) **Application:** This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

- (b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Dual Currency Note Provisions**

- (a) **Application:** This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Rate of Interest:** If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

10. **Redemption and Purchase**

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments*).
- (b) **Redemption at the option of the Republic:** If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Republic in whole or, if so specified in the relevant Final Terms, in part. Such Notes may be redeemed on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Republic's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Republic to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (c) **Partial redemption:** If the Notes are to be redeemed in part only on any date in accordance with Condition 10(b) (*Redemption at the option of the Republic*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(b) (*Redemption at the option of the Republic*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (d) **Redemption at the option of Noteholders:** If the Put Option is specified in the relevant Final Terms as being applicable, the Republic shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(d), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(d), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable

or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(d), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (e) **No other redemption:** The Republic shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (d) above.
- (f) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(f) or, if none is so specified, a Day Count Fraction of 30E/360.

- (g) **Purchase:** The Republic and its Agencies may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (h) **Cancellation:** All Notes so redeemed or purchased by the Republic, and any unmatured Coupons attached to or surrendered with them may be cancelled or held and resold (**provided that** such resale is outside the United States, as defined in Regulation S under the United States Securities Act of 1933 (as amended)). Any Notes so purchased, while held by or on behalf of the Republic or any Agency, shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders. Any Notes so cancelled will not be reissued.

11. **Payments**

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) **Interest:** Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Republic has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice

to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (e) ***Deductions for unmatured Coupons:*** If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (f) ***Unmatured Coupons void:*** If the relevant Final Terms specify that this Condition 11(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(d) (*Redemption at the option of Noteholders*), Condition 10(b) (*Redemption at the option of the Republic*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) ***Payments on business days:*** If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) ***Payments other than in respect of matured Coupons:*** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) ***Partial payments:*** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) ***Exchange of Talons:*** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet

may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12. **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by the Republic of Poland or any political subdivision or any authority thereof or therein having power to tax (together, "**Taxes**"), unless such withholding or deduction is required by law. In that event, the Republic shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of a holder which is liable to such Taxes in respect of such Note or Coupon by reason of its having some connection with the Republic of Poland other than the mere holding of such Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note or Coupon on the last day of such period of 30 days.

13. **Events of Default**

- (a) ***Declaration of Acceleration:*** If any of the following events (each an "**Event of Default**") occurs and is continuing:

- (i) any amount of interest in respect of the Notes is not paid within 30 days of the due date for payment thereof; or
- (ii) the Republic fails duly to perform or observe any of its material obligations under or in respect of the Notes which failure continues unremedied for 45 days after written notice thereof has been delivered by any Noteholder to the Republic at the Specified Office of the Fiscal Agent;

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes may, by notice in writing to the Republic (with a copy to the Fiscal Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Republic.

- (b) ***Withdrawal of Declaration of Acceleration:*** If the Republic receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Republic shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Republic gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

14. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

15. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Republic may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

16. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Republic and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Fiscal Agent and any Paying Agent(s) and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Republic reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor Fiscal Agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Republic shall at all times maintain a Fiscal Agent;
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Republic shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system (as agreed to in writing by the Republic) the rules of which require the appointment of a Paying Agent in any particular place, the Republic shall maintain a Paying Agent having its Specified Office in the place required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

17. **Meetings of Noteholders; Written Resolutions**

- (a) **General:** The provisions for convening meetings of Noteholders as set out in Schedule 1 to the Agency Agreement shall apply to the Notes. The following is a summary of selected provisions in that Schedule.

For the purposes of Condition 13 (*Events of Default*), this Condition 17 and Schedule 1 to the Agency Agreement, a Note will be deemed to be "outstanding" as set out in Clause 1.3 of the Agency Agreement. In addition, in respect of a Note which is (a) held by the Republic or (b) held by the National Bank of Poland, a department, ministry or agency of the Republic, or by a corporation, trust or other legal entity that is controlled by the Republic or a department, ministry or agency of the Republic and the Holder of the Note does not have autonomy of decision, the Note will be deemed to be not outstanding where:

- (i) the Holder of the Note for these purposes is the entity legally entitled to vote the Note for or against a proposed modification or, if different, the entity whose consent or instruction is by contract required, directly or indirectly, for the legally entitled Holder to vote the Note for or against a proposed modification;
- (ii) a corporation, trust or other legal entity is controlled by the Republic or by a department, ministry or agency of the Republic if the Republic or the National Bank of Poland or any department, ministry or agency of the Republic has the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or

otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of that legal entity; and

- (iii) the Holder of a Note has autonomy of decision if, under applicable law, rules or regulations and independent of any direct or indirect obligation the Holder may have in relation to the Republic:
 - (A) the Holder may not, directly or indirectly, take instruction from the Republic on how to vote on a proposed modification; or
 - (B) the Holder, in determining how to vote on a proposed modification, is required to act in accordance with an objective prudential standard, in the interest of all of its stakeholders or in the Holder's own interest; or
 - (C) the Holder owes a fiduciary or similar duty to vote on a proposed modification in the interest of one or more persons other than a person whose holdings of Notes (if that person then held any Notes) would be deemed to be not outstanding under this definition.
- (b) **Convening a meeting of Noteholders:** A meeting of Noteholders:
 - (i) may be convened by the Republic at any time; and
 - (ii) will be convened by the Republic or the Fiscal Agent upon the request in writing of Holders of not less than 10 per cent. of the aggregate principal amount of the Notes then outstanding.
- (c) **Quorum at initial meeting:** The quorum at any meeting at which Noteholders may vote in respect of a proposed modification relating to:
 - (i) a Reserved Matter will be one or more persons present and holding or representing not less than 66⅔ per cent. of the aggregate principal amount of the Notes then outstanding; and
 - (ii) a matter which is not a Reserved Matter will be one or more persons present and holding or representing not less than 50 per cent. of the aggregate principal amount of the Notes then outstanding.
- (d) **Quorum at adjourned meeting:** The quorum for any adjourned meeting will be one or more persons present and holding or representing:
 - (i) not less than 66⅔ per cent. of the aggregate principal amount of the Notes then outstanding in the case of an adjourned meeting convened in respect of a proposed modification relating to a Reserved Matter; and
 - (ii) not less than 25 per cent. of the aggregate principal amount of the Notes then outstanding in the case of an adjourned meeting convened in respect of a proposed modification relating to a matter which is not a Reserved Matter.
- (e) **Voting on non-Reserved Matters:** Save as otherwise provided in the Agency Agreement and Condition 17(j) (*Manifest error; technical amendments*), any proposed modification in relation to a matter which is not a Reserved Matter may only be approved with the consent of the Republic and:
 - (i) the affirmative vote of more than 50 per cent. of the aggregate principal amount of the then outstanding Notes represented at a duly called and quorate meeting of Noteholders; or
 - (ii) a written resolution signed by or on behalf of a Holder or Holders of more than 50 per cent. of the aggregate principal amount of the Notes then outstanding.

- (f) **Voting on Reserved Matters:** Except as provided in Condition 17(g) (*Cross-Series Modification*), any proposed modification relating to a Reserved Matter may only be approved with the consent of the Republic and:
- (i) the affirmative vote of not less than 75 per cent. of the aggregate principal amount of the outstanding Notes represented at a duly called and quorate meeting of Noteholders; or
 - (ii) a written resolution signed by or on behalf of a Holder or Holders not less than 66⅔ per cent. of the aggregate principal amount of the Notes then outstanding.
- (g) **Cross-Series Modification:** A Cross-Series Modification relating to a Reserved Matter affecting the Notes and any other series of Debt Securities may only be approved with the consent of the Republic and:
- (i)
 - (A) the affirmative vote of not less than 75 per cent. of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called and quorate meetings of the Holders of the Debt Securities of all series (taken in aggregate) that would be affected by the proposed modification; or
 - (B) a written resolution signed by or on behalf of the Holders of not less than 66⅔ per cent. of the aggregate principal amount of the outstanding Debt Securities of all series (taken in aggregate) that would be affected by the proposed modification;
- and
- (ii)
 - (A) the affirmative vote of more than 66⅔ per cent. of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called and quorate meetings of the Holders of each series of Debt Securities (taken individually) that would be affected by the proposed modification; or
 - (B) written resolutions signed by or on behalf of the Holders of more than 50 per cent. of the aggregate principal amount of the then outstanding Debt Securities of each series (taken individually) that would be affected by the proposed modification.

If a proposed Cross-Series Modification in relation to a Reserved Matter is not approved in the manner described above but would have been approved if it had involved only the Notes and one or more, but less than all, of the other series of Debt Securities affected by the proposed modification, that Cross-Series Modification will be deemed to have been approved in relation to the Notes and the Debt Securities of each other series whose modification would have been approved if the proposed modification had involved only the Notes and such other series of Debt Securities, **provided that:**

- (a) prior to the Record Date for the proposed Cross-Series Modification, the Republic has publicly notified holders of the Notes and other affected Debt Securities of the conditions under which the proposed Cross-Series Modification will be deemed to have been approved if it is approved in the manner described above in relation to the Notes and some but not all of the other affected series of Debt Securities; and
- (b) those conditions are satisfied in connection with the proposed Cross-Series Modification.

For the purposes of this Condition 17:

"Debt Securities" means the Notes and any other bills, bonds, debentures, notes or other debt securities issued by the Republic in one or more series with an original stated maturity of more than one year, and includes any such obligation, irrespective of its original stated maturity, that formerly constituted a component part of a Debt Security;

"Cross-Series Modification" means a modification which affects (i) the Notes or any agreement governing the issuance or administration of the Notes, and (ii) one or more other series of Debt Securities or any agreement governing the issuance or administration of such other series of Debt Securities;

"modification" in relation to the Notes means any modification, amendment, supplement or waiver of the terms and conditions of the Notes or any agreement governing the issuance, constitution or administration of the Notes, and has the same meaning in relation to any other Debt Security save that any of the foregoing references to the Notes or any agreement governing the issuance, constitution or administration of such Notes shall be read as references to such other Debt Securities or any agreement governing the issuance, constitution or administration of such other Debt Securities; and

"Series", when used in relation to the Notes, shall have the meaning ascribed to the term in the introductory paragraphs to these Conditions and **"series"**, when used in relation to a tranche of Debt Securities, shall mean such tranche of Debt Securities together with any further tranche or tranches of Debt Securities that in relation to each other and to the original tranche of Debt Securities are (i) identical in all respects except for their date of issuance or first payment date, and (ii) expressed to be consolidated and form a single series.

- (h) **Written resolutions:** A written resolution signed by or on behalf of Holders of the requisite majority of the outstanding Debt Securities will be valid for all purposes as if it was a resolution passed at a meeting of Holders of the Debt Securities duly convened and held in accordance with these provisions. A written resolution may be set out in one or more documents in like form each signed by or on behalf of one or more Holders of Debt Securities.
- (i) **Binding effect:** A resolution duly passed at a meeting of Holders of Debt Securities duly convened and held, and a written resolution duly signed by the requisite majority of Holders of Debt Securities, will be binding on all such Holders, whether or not the Holder was present or represented at the meeting, voted for or against the resolution or signed the written resolution.
- (j) **Manifest error; technical amendments:** Notwithstanding anything to the contrary in these Conditions, the Notes, the Conditions and the Agency Agreement may be modified, amended or supplemented by the Republic and the Fiscal Agent without the consent of the Noteholders of any Series for the purpose of:
 - (i) adding to the covenants of the Republic;
 - (ii) surrendering any right or power conferred upon the Republic;
 - (iii) securing the Notes;
 - (iv) curing any ambiguity, or curing, correcting or supplementing any defective provision contained in the Agency Agreement or in the Conditions or the Notes of any Series; or
 - (v) amending the Agency Agreement or the Conditions or Notes of any Series in any manner that the Republic and the Fiscal Agent may determine to correct a manifest error,

but, for the avoidance of doubt, the Republic shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders of such Series.

The Republic will publish details of any such modification in accordance with Condition 19 (*Notices*) within 10 days of the modification becoming legally effective.

- (k) **Reserved Matters:** In these Conditions, **"Reserved Matter"** means any proposal:
 - (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, instalment(s), interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, instalment(s), interest or any other amount payable in respect of the Notes on any date;

- (ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (iii) to change this definition or the definition of "outstanding";
- (iv) to change or waive the provisions of the Notes set out in Condition 4 (*Status*);
- (v) to approve any arrangement relating to a Security Interest (other than a Permitted Security Interest) upon any of the Republic's assets or revenues, present or future, to secure any Public External Indebtedness of the Republic or of any other Person or any guarantee or indemnity of the Republic in respect of Public External Indebtedness of any other Person benefitting the Republic's obligations under the Notes pursuant to Condition 5 (*Negative Pledge*);
- (vi) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity, set out in Condition 13 (*Events of Default*);
- (vii) to change the law governing the Notes, the courts to the jurisdiction of which the Republic has submitted in the Notes, the Republic's obligation to maintain an agent for service of process in England or the Republic's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 23 (*Governing Law and Jurisdiction*);
- (viii) to change the quorum required at any meeting of Noteholders or the majority required to pass any resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them, including in respect of a Cross-Series Modification; and
- (ix) to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Republic or any other person, which would result in the Conditions as so modified being less favourable to the holders of Notes which are subject to the Conditions as so modified than:
 - (A) the provisions of the other obligations or securities of the Republic or any other person resulting from the relevant exchange or substitution; or
 - (B) if more than one series of other obligations or securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series having the largest aggregate principal amount;

and has the same meaning in relation to the Debt Securities of any other series save that any of the foregoing references to the Notes or any agreement governing the issuance or administration of the Notes shall be read as references to such other debt securities or any agreement governing the issuance or administration of such other Debt Securities.

18. **Further Issues**

The Republic may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

19. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.LuxSE.com) or, in either case, if such publication is not practicable, in a leading English language daily newspaper

having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

20. **Currency Indemnity**

If any sum due from the Republic in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Republic, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Republic shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Republic and delivered to the Republic or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Republic and shall give rise to a separate and independent cause of action.

21. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent. (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22. **Redenomination, Renominalisation and Reconventioning**

- (a) **Application:** This Condition 22 (*Redenomination, Renominalisation and Reconventioning*) is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.
- (b) **Notice of redenomination:** If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Republic may, without the consent of the Noteholders and Couponholders, on giving at least 30 days' prior notice to the Noteholders and the Paying Agents, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.
- (c) **Redenomination:** Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:
 - (i) the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Union regulations); **provided, however, that**, if the Republic determines, with the agreement of the Fiscal Agent then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Republic

shall promptly notify the Noteholders and Couponholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;

- (ii) if Notes have been issued in definitive form:
 - (A) all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Republic gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (**provided that** such Notes and Coupons are available) and no payments will be made in respect thereof;
 - (B) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Republic thereunder (including the obligation to exchange such Notes in accordance with this Condition 22) shall remain in full force and effect;
 - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and
 - (D) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State.
 - (d) **Interest:** Following redenomination of the Notes pursuant to this Condition 22, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder.
 - (e) **Interest Determination Date:** If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.
23. **Governing Law and Jurisdiction**
- (a) **Governing law:** The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by English law.
 - (b) **English courts:** The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes.
 - (c) **Appropriate forum:** The Republic agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
 - (d) **Consent to enforcement etc.:** For the purposes of the State Immunity Act 1978, the Republic consents generally in respect of any proceedings to the giving of any relief or the issue of any process in connection with such proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such proceedings.
 - (e) **Service of Process:** The Republic agrees that the process by which any proceedings are begun may be served on it by being delivered in England to the Embassy of the Republic of Poland in London, 47 Portland Place, London W1B 1JH, England as its authorised agent for the service of process in

England. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Clause applies to proceedings in England and to proceedings elsewhere.

- (f) ***Waiver of immunity:*** To the extent that the Republic may in any jurisdiction claim for itself or its properties, assets or revenues immunity (whether sovereign, diplomatic or other) from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Republic or its properties, assets or revenues, the Republic agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction **provided however, that** immunity is not waived in respect of present or future "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963 or military property or military assets of the Republic related thereto.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

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

OR

[MiFID II product governance / Retail investors, professional investors and eligible counterparties target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, and] portfolio management[, and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.]

[UK MiFIR product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]*. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

OR

[UK MiFIR product governance / Retail investors, professional investors and eligible counterparties target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); ***EITHER*** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **OR** [(ii) all channels for distribution to eligible counterparties

and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under UK MiFIR, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to UK MiFIR is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under UK MiFIR, as applicable.]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"), the Issuer has determined and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are ["prescribed capital markets products"]/"capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

Final Terms dated [•]

The State Treasury of
THE REPUBLIC OF POLAND
Represented by
The Minister of Finance
LEI: 259400R9L8QEP0TPXS31

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes] (the "Notes")
under the €85,000,000,000

Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Simplified Base Prospectus dated 20 March 2025 [as supplemented by the supplemental Simplified Base Prospectus dated [•]]. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Simplified Base Prospectus [as so supplemented].

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

Terms used herein shall be deemed to be defined as such for purposes of the Conditions (the "**Conditions**") set forth in the Simplified Base Prospectus dated 20 March 2025 [as supplemented by the supplemental Simplified Base Prospectus dated [•]]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Simplified Base Prospectus dated 20 March 2025 [as supplemented by the supplemental Simplified Base Prospectus dated [•] and the Conditions.]

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer: The State Treasury of the Republic of Poland represented by the Minister of Finance
2. [(i) Series Number: [•]
[(ii) Tranche Number: [•]
(If fungible with an existing Series, give details of that Series, including the date on which the Notes become fungible.)
3. Specified Currency or Currencies: [•]
4. Aggregate Principal Amount:
[(i) Series: [•]
[(ii) Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
6. (i) Specified Denomination(s): [•][and [•]]
(N.B. Where multiple denominations above €100,000 (or equivalent) are being used, the following sample wording should be followed: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")
(ii) Calculation Amount: [•]
7. [(i) Issue Date: [•]
[(ii) Interest Commencement Date: [Issue Date/other date (*specify*)/Not Applicable]
8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Interest Basis: [[•] per cent. Fixed Rate]
[[*Specify reference rate*] +/-[•] per cent. Floating Rate]
[Zero Coupon]
[Index-Linked Interest]
[Other (*specify*)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index-Linked Redemption]

- [Dual Currency]
- [Partly Paid]
- [Instalment]
- [Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
12. Put/Call Options: [Investor Put]
- [Republic Call]
- [Not Applicable]
- [(further particulars specified below)]
13. Status: Senior
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year commencing on [•] up to (and including) [the Maturity Date/other date (*specify*)] [[adjusted for payment purposes only in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/[, Not Adjusted]]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [30/360]/[Actual/Actual (ICMA/ISDA)]/[other]
- (vi) Determination Date(s): [[•] in each year][Not Applicable]
- (Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- (Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual (ICMA) basis. Also consider what*

should happen to unmatured Coupons in the event of early redemption of the Notes.)

16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable delete the remaining subparagraphs of this paragraph.)*
- [(i) Specified Period(s): [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- [(ii) Specified Interest Payment Dates: [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention insert "Not Applicable")*
- [(iii) Business Day Convention: [Specify applicable Business Day Convention/ Not Adjusted]
- [(iv) Additional Business Centre(s): [Not Applicable/give details]
- [(v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/ other (give details)]
- [(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) [[Fiscal Agent] / [Name, if not the Fiscal Agent] shall be the Calculation Agent]
- [(vii) Screen Rate Determination:
- Reference Rate: [•]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [•]
 - Relevant Time: [For example, 11:00 a.m. London time/Brussels time]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
 - [Reference Banks:: [•]]

(viii) ISDA Determination:

- ISDA Definitions: [2006 ISDA Definitions / 2021 ISDA Definitions]
- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]/[As specified in the ISDA Definitions]/[The first day of the relevant Interest Period]
- Compounding: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this part [or "below"])*
- [Compounding Method: [Compounding with Lookback
Lookback: [•] Applicable Business Days]
[Compounding with Observation Period Shift
Observation Period Shift: [•] Observation Period Shift Business Days
Observation Period Shift Additional Business Days: [•] / [Not Applicable]]
[Compounding with Lockout
Lockout: [•] Lockout Period Business Days
Lockout Period Business Days: [•]/[Applicable Business Days]]
- Averaging [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- [Averaging Method: [Averaging with Lookback
Lookback: [•] Applicable Business Days]
[Averaging with Observation Period Shift
Observation Period Shift: [•] Observation Period Shift Business days
Observation Period Shift Additional Business Days: [•]/[Not Applicable]]
[Averaging with Lockout
Lockout: [•] Lockout Period Business Days
Lockout Period Business Days: [•]/[Applicable Business Days]]

	•	Index Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this part [or "below"])</i>
	•	[Index Method:	Compounded Index Method with Observation Period Shift Observation Period Shift: [•] Observation Period Shift Business days Observation Period Shift Additional Business Days: [•] / [Not Applicable]]
(ix)		Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation <i>(specify for each short or long interest period)</i>
(x)		Margin(s):	[+/-][•] per cent. per annum
(xi)		Minimum Rate of Interest:	[•] per cent. per annum
(xii)		Maximum Rate of Interest:	[•] per cent. per annum
(xiii)		Day Count Fraction:	[30/360]/[Actual/Actual (ICMA/ISDA)]/[other]
(xiv)		Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•]
17.		Zero Coupon Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i)	Accrual Yield:	[•] per cent. per annum
	(ii)	Reference Price:	[•]
	(iii)	Any other formula/basis of determining amount payable:	<i>[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(f)]</i>
18.		Index-Linked Interest Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i)	Index/Formula/other variable:	<i>[Give or annex details]</i>
	(ii)	Calculation Agent responsible for calculating the interest due:	[•]
	(iii)	Provisions for determining Coupon where calculated by	[•]

- reference to Index and/or
Formula and/or other
variable:
- (iv) Interest Determination Date(s): [•]
 - (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [•]
 - (vi) Interest or Calculation Period(s): [•]
 - (vii) Specified Period(s): [•]
(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")
 - (viii) Specified Interest Payment Dates: [•]
(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention insert "Not Applicable")
 - (ix) Business Day Convention: *[[Specify Business Day Convention]/Not Adjusted]*
 - (x) Additional Business Centre(s): [•]
 - (xi) Minimum Rate of Interest: [•] per cent. per annum
 - (xii) Maximum Rate of Interest: [•] per cent. per annum
 - (xiii) Day Count Fraction: *[30/360]/[Actual/Actual (ICMA/ISDA)]/[other]*
19. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]
 - (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [•]

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [•]

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call): [•]
 - (ii) Optional Redemption Amount(s) (Call) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [•] per Calculation Amount
 - (b) Maximum Redemption Amount: [•] per Calculation Amount
 - (iv) Notice period (if other than as set out in the Conditions): [•]
21. **Put Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Put): [•]
 - (ii) Optional Redemption Amount(s) (Put) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
 - (iii) Notice period (if other than as set out in the Conditions): [•]
22. **Final Redemption Amount of each Note** [[•] per Calculation Amount]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [•]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/ or Formula and/or other variable: [•]
- (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/ or Formula and/or other variable: [•]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/ or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (vii) Minimum Final Redemption Amount: [•] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [•] per Calculation Amount

23. **Early Termination Amount**

Early Termination Amount(s) payable on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [[•] per Calculation Amount/Not Applicable (*if the Early Termination Amount is the principal amount of the Notes/specify the Early Termination Amount if different from the principal amount of the Notes*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: Bearer Notes:¹
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
- [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice.]

¹ The exchange upon expiry of a period of notice or at any time options referred to above should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Temporary Bearer Global Notes exchangeable for Definitive Notes.

[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purposes of immobilisation in accordance with article 4 of the Belgian law of December 2005.]

- | | | |
|-----|---|--|
| 25. | New Global Note form: | [Applicable/Not Applicable] |
| 26. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | [Not Applicable/ <i>give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 17(iii) and 19(vii) relate</i>] |
| 27. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No. <i>If yes, give details</i>] |
| 28. | Details relating to partly paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Republic to forfeit the Notes and interest due on late payment: | [Not Applicable/ <i>give details</i>] |
| 29. | Details relating to instalment Notes: amount of each instalment, date on which each payment is to be made: | [Not Applicable/ <i>give details</i>] |
| 30. | Redenomination, renominatisation and reconventioning provisions: | [Not Applicable/The provisions [in Condition 22 (<i>Redenomination, Renominatisation and Reconventioning</i>)] [annexed to these Final Terms] apply] |
| 31. | Other terms or special conditions: | [Not Applicable/ <i>give details</i>] |

DISTRIBUTION

- | | | |
|-----|---------------------------------------|---|
| 32. | (i) If syndicated, names of Managers: | [Not Applicable/ <i>give names</i>] |
| | (ii) Stabilisation Manager (if any): | [Not Applicable/ <i>give name</i>] |
| 33. | If non-syndicated, name of Dealer: | [Not Applicable/ <i>give name</i>] |
| 34. | TEFRA: | [Not Applicable/The [C/D] Rules are applicable] |
| 35. | Additional selling restrictions: | [Not Applicable/ <i>give details</i>] |

[LISTING APPLICATION

These Final Terms comprise the final terms required to list the issue of Notes described herein pursuant to the €85,000,000,000 Euro Medium Term Note Programme of the State Treasury of the Republic of Poland represented by the Minister of Finance.]

[ENGLISH LANGUAGE VERSION BINDING]

These Final Terms have been executed in both the Polish and the English language. The English language version of these Final Terms will be the binding version for the purposes of their construction. Accordingly, if there are any discrepancies between the Polish language version and the English language version of these Final Terms, the English language version will prevail.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the State Treasury of the Republic of Poland represented by the Minister of Finance upon authorisation of the Minister of Finance by [•], [Secretary]/[Undersecretary] of State in the Ministry of Finance:

By:
Duly authorised

PART B — OTHER INFORMATION

1. LISTING

- (i) Listing: [Luxembourg/and Warsaw/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on the [regulated market of the Luxembourg Stock Exchange/and as a secondary trading on the regulated market in Poland/other (*specify*)] with effect from [•].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

2. RATINGS

[The Notes to be issued [have been]/[are expected to be] rated]/[The Issuer's unsecured, unsubordinated long-term debt securities have been rated]:

Fitch: [•]

Moody's: [•]

S&P: [•]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. [INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. *Amend as appropriate if there are other interests.*

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [The net proceeds of the issue of the Notes will be used to finance the Republic's State budget borrowing requirements/*other*].

- [(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 total expenses: [•] *[Include breakdown of expenses.]*
- (Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*
5. **[Fixed Rate Notes Only — YIELD]**
- Indication of yield: [•] per cent. [per annum]/[semi-annually]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
6. **[Floating Rate Notes Only — HISTORIC INTEREST RATES]**
- Details of historic [•] rates can be obtained from [Reuters].]
7. **[Floating Rate Notes Only – BENCHMARK REGULATION]**
- [Reference Rate] is provided by [administrator]. As at the date of these Final Terms, [administrator] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011.]
8. **[Index-Linked Or Other Variable-Linked Notes Only — PERFORMANCE OF INDEX/ FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]**
- Need to include details of where past and future performance and volatility of index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*
9. **[Dual Currency Notes Only — PERFORMANCE OF RATE[S] OF EXCHANGE]**
- Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]*
10. **OPERATIONAL INFORMATION**
- ISIN: [•]
- Common Code: [•]
- [FISN: [See/[include code], as updated, as set out on] the website of the Association of National Numbering Agencies/Not Applicable/Not Available]]
- [CFI: [See/[include code], as updated, as set out on] the website of the Association of National Numbering Agencies/Not Applicable/Not Available]]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No] [Not Applicable (*in the case of Notes issued in CGN form*)]

[Note that the designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*include this text if "yes" selected in which case the Notes must be issued in NGN form*]

[Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*this text may be appropriate to include if "no" is selected and the Notes are issued in NGN form*]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [Not Applicable/*specify*]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary in the case of a CGN, or a common safekeeper in the case of a NGN, for Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Clearstream, Luxembourg and/or Euroclear and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Republic to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Clearstream, Luxembourg and Euroclear and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Republic in respect of payments due under the Notes and such obligations of the Republic will be discharged by payment to the bearer of the Global Note, made in accordance with the provisions of the Agency Agreement.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Republic shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system and received by the Fiscal Agent against, in the case of a CGN, presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent or, in the case of partial exchange of a NGN, confirmation from the common service provider that Euroclear and Clearstream, Luxembourg have made appropriate entries in their records to reflect the relevant exchange and, in the case of final exchange of a NGN, surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent or destruction of the Temporary Global Note by the common safekeeper in accordance with the Agency Agreement, in any such case within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Republic shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5:00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

- (b) Definitive Notes have not been delivered by 5:00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5:00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5:00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5:00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 20 March 2025 (the "**Deed of Covenant**") executed by the Republic). Under the Deed of Covenant, persons shown in the records of Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Republic all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Republic shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5:00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5:00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5:00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Republic all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system.

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made in accordance with the provisions of the Agency Agreement against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Republic in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Republic shall procure that in respect of a Classic Global Note the payment is noted in a schedule thereto and in respect of a New Global Note the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Condition 10(d) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(b) (*Redemption at the option of the Republic*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Republic in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) in the case of a CGN, deposited with a depository or a common depository for Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system or in the case of a NGN, with a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system **provided, however, that** so long as the Notes are admitted to trading on the Luxembourg Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.LuxSE.com).

Redenomination: If the Notes are redenominated pursuant to Condition 22 (*Redenomination, Renominalisation and Reconventioning*), then following redenomination:

- (a) if Definitive Notes are required to be issued, they shall be issued at the expense of the Republic in the denominations of euro 100, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Fiscal Agent shall determine and notify to the Noteholders; and
- (b) the amount of interest due in respect of Notes represented by a Permanent Global Note and/or a Temporary Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest euro 0.01.

Payment Business Day: If the currency of payment is euro, any day which is a TARGET Settlement Day on which dealings in foreign currencies may be carried on in each (if any) Additional Business Centre, or if the currency payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Business Centre.

Calculation of interest: The calculation of any interest amount in respect of any Note which is represented by a Global Note will be calculated on the aggregate outstanding nominal amount of the Notes represented by such Global Note and not by reference to the Calculation Amount.

OVERVIEW OF THE REPUBLIC OF POLAND

Area and Population

Poland is one of the largest countries in Central Europe, with a total territory (comprising land area, internal waters and territorial sea) of 313,933 square kilometres. Situated on the Baltic Sea, Poland has a coastline of 687 kilometres^[1] and is bordered by Germany, the Czech Republic, Slovakia, Ukraine, Belarus, Lithuania and Russia. Poland's terrain comprises largely lowlands traversed by its main river, the Vistula, with lakes, rivers and marshes across the northern and central regions, and several mountain ranges, including the Tatras, in the south. At the end of 2023, Poland had approximately 92,949 square kilometres of forest, i.e. approximately 29.6 per cent. of the area of the country, and 147,121 square kilometres of arable land, i.e. approximately 48.7 per cent. of the area of the country.

With a population of approximately 37.6 million in 2023, Poland is the most populous country in Central and Eastern Europe ("CEE"), and is the fifth most populous member of the EU. Population density is estimated at approximately 120 persons per square kilometre, with approximately 59.5 per cent. of the population living in urban areas. Warsaw, the capital of Poland and its largest city, has an estimated population of 1.862 million. There are 13 other urban centres, each having a population in excess of 200,000.

Poland is an ethnically and religiously homogeneous country. According to the 2021 census, which is the latest available source of data, and excluding foreigners living in Poland, approximately 99.0 per cent. of the population is ethnically Polish and approximately 99.6 per cent. of the population speaks Polish at home. Germans constitute the largest national minority, numbering over 141,000 Polish citizens, concentrated principally in Silesia. Smaller national minorities have cultural ties to neighbouring states such as Belarus, Ukraine and Lithuania. It is estimated that approximately 90 per cent. of the population is Roman Catholic.

Poland is divided into 16 units, known as voivodships. Each voivodship is represented by a voivode, appointed by the Government, who represents the Government at the voivodship level. There are also three levels of independent territorial self-government: voivodships, poviats and gminas. There are 16 voivodships at the top level (in which, besides government voivodes, there are self-governing authorities), 314 counties as poviats, 66 cities with poviat status at the intermediate level and 2,479 basic units of local self-governing authorities called gminas (including 66 cities with poviat status). Self-governing authorities are elected by popular vote. All of the self-governing entities are financially autonomous and independent of each other and of the Government. The Prime Minister may limit their activities only to the extent that their actions conflict with national law. The self-governing entities are financed by a share of national taxes and by their own revenues, such as local taxes and fees. The gminas are entitled, under the Constitution, to exercise powers that are not designated as powers of other public entities.

Constitution, Government and Political Parties

Constitution and Political System

Under the Constitution adopted in 1997, a bicameral Parliament (comprising an upper chamber, known as the Senate, and a lower chamber, known as the Sejm) is elected for a four-year term in general elections. The Sejm consists of 460 members and the Senate consists of 100 members. Generally, the Sejm is elected using a system of proportional representation, with parties needing a minimum of 5 per cent. of the popular vote (8 per cent. for party coalitions) to gain seats. Under the Constitution, political parties and other organisations whose programmes are based on totalitarian methods, Nazism, fascism and communism, as well as those whose programmes or activities promote racial or national hatred, the application of violence for the purpose of obtaining power or to influence state policy, or provide for the secrecy of their own structure or membership, are banned. All legislation must be approved by the Sejm and the Senate, and signed by the President. In addition, the Sejm has the power to overrule the Senate by an absolute majority vote and to overrule the President by a 60 per cent. majority vote cast in the presence of at least half the total number of deputies. The President, with the approval of the Senate or the Sejm, may call a referendum on matters of fundamental importance to the country.

^[1] Excluding coastline in the Szczecin Lagoon, Kamieński Lagoon and Vistula Lagoon.

The Constitution also establishes the independence of the NBP, Poland's central bank, which is charged with responsibility for maintaining the value of the national currency, the Polish zloty. The Constitution also grants the NBP the exclusive power to set and implement monetary policy. Under the Constitution, the Government is prohibited from incurring loans or issuing guarantees or sureties if, as a result, public debt would exceed 60 per cent. of Gross Domestic Product ("**GDP**"). There are also certain budget-related requirements that apply if public debt exceeds 43, 48 or 55 per cent. of GDP. See "*Public Debt – Debt Management*". Under Article 220, paragraph 2 of the Constitution, a budget act may not provide for the financing of the budget deficit by the NBP. These limitations are intended to safeguard the fiscal health of the economy.

Under the Constitution, the President is directly elected for a five-year term and may be re-elected only once. Presidential powers include the right to initiate legislation, to veto certain legislative acts and, in certain instances, to dissolve Parliament. The President's power to dissolve Parliament is limited to instances where the Sejm fails to present the annual budget act for the President's signature within four months of receipt of the draft budget from the Government, or where the Sejm fails to pass a vote of confidence in the Government following attempts to nominate a government in the manner provided for in the Constitution. The President commands the armed forces, represents the state in its foreign relations, appoints the judges (at the request of the National Judiciary Council (the "**NJC**")) as well as the First President of the Supreme Court (from among the candidates indicated by the General Assembly of the Judges of the Supreme Court) and nominates the Prime Minister as well as the President of the NBP, subject to approval by the Sejm. The Prime Minister is the head of the Council of Ministers and is responsible for forming the Government, which must then receive a vote of confidence from the Sejm.

Judicial authority is vested in the Supreme Court and the common (appeal, district and regional) courts, the administrative courts (the Supreme Administrative Court and voivodship administrative courts) and the military courts. A separate Constitutional Tribunal has jurisdiction over all matters relating to constitutional issues.

Current Government and Politics

The most recent presidential election concluded on 12 July 2020, after two rounds of voting. The two competing candidates were Andrzej Duda (the incumbent President of Poland) of the Law and Justice ("**PiS**") party, and Rafał Trzaskowski (Mayor of Warsaw) of the Civic Platform ("**PO**") party. Andrzej Duda won the election with 51.03 per cent. of the vote and assumed office on 6 August 2020. The next presidential election is scheduled for May 2025.

The most recent Parliamentary elections were held on 15 October 2023. Following those elections, PiS received 35.38 per cent. of the vote, Koalicja Obywatelska (Civic Coalition) 30.70 per cent., Trzecia Droga (Third Way) 14.40 per cent., Nowa Lewica (New Left) 8.61 per cent. and Konfederacja Wolność i Niepodległość (Confederation Liberty and Independence) 7.16 per cent. Civic Coalition, Third Way and the New Left formed a coalition. In December 2023, the current coalition Government was formed, led by the Prime Minister, Donald Tusk.

The following table shows a breakdown of the distribution of seats in the Sejm (by party) and the Senate (by party) as at 7 March 2025:

	Seats
Sejm	
Law and Justice (PiS).....	190
Koalicja Obywatelska (Civic Coalition).....	157
Polska 2050 (Poland 2050).....	32
Polskie Stronnictwo Ludowe (Polish People's Party).....	32
Nowa Lewica (New Left).....	21
Konfederacja Wolność i Niepodległość (Confederation Liberty and Independence)	18
Razem	5
Wolni Republikanie	4
Niezależni	1
Total	460
Senate	
Koalicja Obywatelska (Civic Coalition).....	41
Law and Justice (PiS).....	34
Trzecia Droga (Third Way).....	12
Nowa Lewica (New Left).....	9

	Seats
Koło Senackie Niezależni i Samorządni (Independent and Self-Governing Senate Group)	<u>3</u>
Total	<u>99¹</u>

Source: *Sejm and Senate*

The first round of the next presidential election will be held on 18 May 2025, and, in the event no candidate receives more than 50 per cent. of the votes in the first round, the second round will take place on 1 June 2025.

The most recent local elections were held in April 2024, with votes spread between local committees and the main political parties. Of the two largest political parties, PiS received 34.27 per cent. of the national vote and 239 of 552 available seats in the voivodship assemblies (the provincial or regional assemblies), while PO received 30.59 per cent. of the national vote and 210 seats in the voivodship assemblies.

The next local elections will be held in 2029.

International Relations and Regional Arrangements

International Relations

Poland, a founding member of the United Nations, belongs to most international organisations and maintains diplomatic relations with 195 states. In 1967, Poland joined the General Agreement on Tariffs and Trade ("**GATT**") and is a member of the World Trade Organization ("**WTO**"), the successor to GATT. In 1986, Poland rejoined the International Bank for Reconstruction and Development ("**IBRD**"), also known as the "**World Bank**", and the International Monetary Fund ("**IMF**"), having withdrawn its original memberships in 1950. Since 1987, Poland has also been a member of the International Finance Corporation ("**IFC**") and the International Development Association ("**IDA**"). Poland became a member of the Multilateral Investment Guarantee Agency ("**MIGA**") in 1990. In addition, Poland was a founding member of the European Bank for Reconstruction and Development ("**EBRD**"). In 1996, Poland was accepted for full membership in the Organisation for Economic Co-operation and Development ("**OECD**") and, in 1998, joined the Council of Europe Development Bank ("**CEB**"). Poland became a member of the European Investment Bank ("**EIB**") in 2004, following its accession to the EU. Poland is also one of the founding members of the Asian Infrastructure Investment Bank ("**AIIB**").

On 12 March 1999, Poland became a member of the North Atlantic Treaty Organization.

Regional Arrangements

EU Membership

Poland and nine other candidate countries signed the Accession Treaty with the EU (the "**Accession Treaty**") on 16 April 2003 in Athens. The Accession Treaty was ratified by all Member States and candidate countries, and came into force on 1 May 2004.

The Accession Treaty, together with the Treaty on the EU and the Treaty on the Functioning of the European Union ("**TFEU**"), constitute the legal basis for regulating, among other things, economic, trade, service, capital and labour movement, and investment support and protection.

The EU operates a customs union among Member States and a common trade policy in relation to non-EU countries, which involves a common customs tariff, a common import and export regime, the undertaking of uniform trade liberalisation measures, trade defence instruments and trade agreements concluded by the EU with third countries.

Accession to the EU has enabled Poland to participate in the EU legislative and decision-making process. It is also bound by EU law. For the purpose of European Parliamentary elections, Poland is subdivided into constituencies in the same manner as Ireland, Italy, France, The Netherlands, Belgium and Germany.

Following the European Parliamentary elections in 2024, Poland has 53 members in the European Parliament ("**MEPs**"). Currently, the majority of these members belong to the Group of the European

¹ One senator missing. Supplementary elections were held on 16 March 2025. An independent candidate, supported by the Civic Coalition, was elected. The senator-elect has not yet taken office.

People's Party (23) or the Group of European Conservatives and Reformists (20). The next European Parliamentary elections will be held in 2029. As a Member State of the EU, Poland has to comply with the Stability and Growth Pact, which is a rule-based framework for the coordination of national fiscal policies in the economic and monetary union ("EMU"). It was established to safeguard sound public finances, an important requirement for the EMU to function properly. While no deadline has been set, euro adoption is required by the Accession Treaty. Its adoption requires fulfilment of certain economic and legal criteria and participation in the Exchange Rate Mechanism ("ERM II"). While taking the Treaty obligations into account, it has to be borne in mind that the level of real convergence of Poland with the eurozone – in terms of GDP per capita – still lags behind developed Member States. Moreover, although the rate of business cycle synchronisation has been relatively stable in recent years, Poland's economic structure diverges from the euro area. In such circumstances, adoption of the euro would pose a threat of negative shocks affecting the Polish economy. The EMU has undergone substantial reform in recent years, with the aim of completing its architecture and strengthening its long-term stability. Therefore, due to the high level of uncertainty over its results and future economic conditions, as at the date of this Simplified Base Prospectus the Republic is not able to indicate when Poland will adopt the euro.

As with all Member States outside the euro area, Poland is subject to multilateral surveillance by the EU Council. The latest reform of economic governance in the EU means that Member States did not prepare stability and convergence programmes this Spring as the new EU provisions became binding on 30 April 2024.

All Member States will have to prepare new medium-term fiscal and structural plans every four years - instead of the stability and convergence programmes as well as prepare new National Reform Programmes. The first plan was sent by Poland to the European Commission on 9 October 2024.

New plans shall present a binding net expenditure path for the next four years consistent with reducing the nominal deficit/general government debt towards EU reference values. New plans will cover reforms and public investment responding to the main challenges and priorities identified by the EU. They should, in particular, raise fiscal sustainability and potential growth. Each Member State shall make its national medium-term fiscal and structural plan public upon its submission to the EU.

With the aim of mitigating the economic and social impact of the coronavirus pandemic (**COVID-19**) and making European economies more resilient and better prepared for the challenges of the green and digital transitions, the European Commission proposed, along with the EU long-term budget for 2021-2027, Next Generation EU, a temporary recovery instrument in the amount of EUR 806.9 billion, the largest stimulus package ever financed through the EU budget. In order to finance the package, the EU has borrowed funds from the financial markets. The centrepiece of the new instrument is the RRF, offering up to EUR 723 billion in grants and loans for reforms and investments undertaken by EU countries. Poland is one of the main beneficiaries of the RRF, and may receive up to EUR 25.3 billion (current prices) in grants and over EUR 34.5 billion (current prices) in loans. Following positive assessment of the Polish Recovery and Resilience Plan, Poland has already received over EUR 13 billion from the RRF. The next payments are expected in the coming quarters.

In order to combat the negative economic and social consequences of the COVID-19 pandemic, the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (**SURE**) was created. It provided EU financial assistance amounting to EUR 98.4 billion in the form of loans to affected Member States to address sudden increases in public expenditure for the preservation of employment, and to cover some health-related measures. Poland is one of the three biggest recipients of SURE, with a loan in the amount of EUR 11.236 billion.

Relationship with Multilateral Financial Institutions

Poland is a member of various multilateral financial institutions, including the IMF, World Bank, EIB, EBRD and AIIB. As at 31 December 2024, Poland's liabilities to multilateral financial institutions amounted to EUR 12.3 billion, accounting for 13.9 per cent. of the State Treasury's total external debt.

World Bank

As at 31 December 2024, the World Bank's exposure to Poland, net of principal repayments, amounted to EUR 5 billion. Currently, Poland has two active projects financed with World Bank loans, related to flood

protection of the Oder and Vistula basins and air protection through greening residential heating programmes.

International Development Association (the "IDA")

Since 1988, Poland has been a member of, and contributor to, the IDA, which provides grants and concessional and non-concessional loans to the world's poorest countries.

As at 31 December 2024, Poland's contribution to the IDA amounted to Special Drawing Rights ("SDR") 40.44 million and EUR 54.07 million, of which SDR 40.44 million and EUR 27.96 million has already been paid. Poland also participates in the IDA's Multilateral Debt Relief Initiative (MDRI). As at 31 December 2024, Poland had committed PLN 36.6 million and paid PLN 17.6 million.

In 2022, Poland joined the IDA Crisis Facility established in 2022 to counter the effects of Russian aggression against Ukraine and made payments of EUR 0.5 million last year.

On 6 December 2024, at the final stage of negotiations of the 21st IDA Replenishment, Poland declared a contribution of EUR 37.54 million. The process of formal approval of the declaration by the Government of Poland will begin after the approval by the IDA Board of Governors of the relevant Resolution on the IDA 21 Replenishment.

European Investment Bank

The main areas of EIB Group (EIB and the European Investment Fund) operations in Poland comprise the transport, power and energy, water, sewerage, solid waste, urban development, health, higher education, telecommunications and agriculture sectors. In addition, the EIB provides commercially-based loans to private enterprises and municipalities, as well as loans to financial intermediaries, in order to fund loans to small and medium-sized enterprises ("SMEs").

Total investment of the EIB Group in Poland amounted to EUR 5.7 billion in 2024. As at 31 December 2024, the EIB had committed EUR 98.6 billion to Polish borrowers.

In the second half of 2015, the European Fund for Strategic Investments (the "EFSI") was launched jointly by the EIB Group and the EU to drive investment in infrastructure and innovation projects across the EU, as well as to help finance SMEs and mid-cap companies. Poland implemented the plan and has obtained financing for several projects under the EFSI.

As at 31 December 2020, 60 projects were approved during the infrastructure and innovation window in Poland. The total value of the approved projects is approximately PLN 63 billion, including the estimated EFSI share of approximately PLN 19.8 billion. Thirteen agreements were concluded with financial intermediaries (banks and investment funds) during the SME window in Poland. The total estimated value of the portfolios for the 13 transactions amounts to approximately PLN 13.8 billion in Poland.

In the current Multiannual Financial Framework for the years 2021-2027, the EFSI has been replaced by the InvestEU Programme, which aims at boosting investment, innovation and job creation in Europe. InvestEU is expected to mobilise more than EUR 372 billion in additional investment between 2021 and 2027. To date, the total value of support from the InvestEU Fund for all approved projects and subprojects in Poland is EUR 2.5 billion.

In 2020, Poland also joined the European Guarantee Fund (the "EGF"), established by the participating EU countries and operated by the EIB Group. The EGF was set up by the EIB Group with contributions from Poland and other Member States to shield companies suffering from the COVID-19 pandemic. Using nearly EUR 25 billion in guarantees, the EGF allows the EIB and the EIF to make loans, guarantees, asset-backed securities, equity and other financial instruments available to mostly SMEs. The EGF is part of the EU's recovery package, aiming to provide a total of EUR 540 billion to boost those parts of the EU economy that have been hit the hardest.

European Bank for Reconstruction and Development

Since the beginning of its operations in Poland, the EBRD has invested EUR 15.37 billion in 556 projects (as of 31 December 2024) in various sectors of the country's economy (corporate, financial institutions,

infrastructure and energy). Most of the EBRD's investment, some EUR 14.3 billion, was granted to the private sector. The value of the EBRD's current portfolio of projects in Poland is over EUR 5.3 billion.

International Monetary Fund

Poland is a member of the IMF's Special Data Dissemination System and complies with applicable practices and standards in publicly disseminating economic and financial data. Currently, the IMF performs standard Article IV consultations with Poland on a 12-month cycle.

The most recent Article IV review of Poland was concluded in October 2024, with the Report for the IMF's Executive Board approved on 10 January 2025.

Nordic Investment Bank ("NIB")

Although Poland is not a member of the NIB, it has access to NIB financing.

As at 31 December 2024, loans granted to publicly owned entities and private sector entities in Poland by the NIB amounted to approximately EUR 273 million.

Asian Infrastructure Investment Bank ("AIIB")

In June 2016, Poland became a founding member of the AIIB. Poland is currently not borrowing from the AIIB.

Council of Europe Development Bank ("CEB")

As at 31 December 2024, the CEB's exposure to the State Treasury amounted to EUR 969 million. Total exposure of the CEB to Polish entities amounted to EUR 2.27 billion.

Currently, Poland has two active projects financed with CEB loans, related to flood protection of the Oder and Vistula basins, and refinancing the expenses of the Aid Fund were earmarked to assist Ukrainian citizens affected by the war.

Major International Treaties

Since Poland is a member of the EU, the Accession Treaty, together with the Treaty on European Union and the TFEU, constitutes the legal basis regulating, among other things, economic, trade, service, capital and human resource flows, investment support and protection.

The EU has a customs union among its Member States and a common trade policy in relation to non-EU countries which involves, among other things, a common customs tariff, a common import and export regime and the undertaking of uniform trade liberalisation measures, as well as trade defence instruments and trade agreements concluded by the EU with other countries.

In June 2017, Poland signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("**MLI**"). Poland has completed the domestic ratification procedures and submitted the instrument of ratification on 23 January 2018, as the fourth signatory of the MLI. The MLI offers solutions for governments to close gaps in existing international tax rules by transposing results from the OECD/G20 base erosion and profit shifting ("**BEPS**") Project into bilateral tax treaties worldwide. The MLI globally modifies the application of thousands of bilateral tax treaties concluded to eliminate double taxation.

So far, the MLI has modified 57 Polish tax treaties. However, the number of treaties covered by the MLI is based on the completion of the ratification procedure by treaty partners, and hence may increase in the future.

Reform of the Polish judicial system

The reform of the Polish judicial system began notably with legislative changes introduced through the Act of 20 December 2019, amending the Act on the System of Common Courts, the Supreme Court Act, and certain other acts (together, the "**2019 Judicial Reform Act**"). These reforms significantly impacted judicial independence, disciplinary procedures, and appointment processes.

On 1 April 2021, the European Commission brought an action against Poland for failure to fulfil its EU treaty obligations, registered before the Court of Justice of the European Union ("CJEU") under case number C-204/21. In parallel, the European Commission applied interim measures under Article 279 TFEU. On 27 October 2021 the CJEU ordered the Republic of Poland to pay a periodic penalty of EUR 1,000,000 per day from the date of notification of that order until full compliance with obligations arising from an earlier order dated 14 July 2021.

Subsequently, Poland adopted the act amending the Act on the Supreme Court and certain other laws on 9 June 2022, aiming to comply with the measures imposed by the order of 14 July 2021. Despite this, in a letter dated 20 July 2022, the European Commission determined that Poland had made progress but had not fully complied with its obligations. On 21 April 2023 the CJEU reduced the periodic penalty to EUR 500,000 per day going forward. On 5 June 2023, the CJEU delivered its judgment in case number C-204/21 where it upheld the European Commission's actions. Upon the issuance of this judgment, the effects of the previous orders imposing penalties ceased to apply but it did not affect Poland's obligations to make daily penalty payments for past periods.

Poland sought to contest the penalties and on 5 February 2025, the General Court of the European Union delivered a significant judgment in case T-1033/23, alongside related judgments in joint cases T-830/22 and T-156/23, explicitly confirming Poland's continued non-compliance with interim measures ordered by the CJEU. These rulings underscored substantial incompatibilities between the 2019 reforms and the EU legal standards. The General Court determined that, due to Poland's failure to demonstrate full compliance, the European Commission was justified in enforcing the periodic penalty payment in full for all contested periods. The total amount of penalties affirmed by the General Court was in excess of EUR 320 million. The penalties have been deducted through the EU budget mechanisms on an ongoing basis and due to this reason are expected to have limited direct financial impact.

THE ECONOMY

The Polish economy's strengths include: the private debt of non-financial enterprises and households is relatively low; the currency regime is flexible; Poland's exports and economy do not depend on a single sector; and the domestic market is broad. The banking sector remains well-capitalised, liquid and profitable, and the country's macroeconomic policy is geared towards maintaining long-term high sustainable growth. Since joining the EU in 2004, Poland has benefited significantly from EU structural funds, allowing the government to invest steadily in infrastructural and social development. Adjustments to the EU standards have supported the country's modernisation. Today, Poland is the sixth-largest economy in the EU, with a buoyant private sector comprising internationally competitive export-oriented companies, as well as well-educated and skilled human capital. The service sector comprises the largest component of the Polish economy (67 per cent.), followed by the industry and construction sectors (30 per cent.) and agriculture (3 per cent.).

Strong macroeconomic fundamentals and policy framework, large and diversified domestic demand and flexible fiscal policy made Poland the only EU country to avoid recession during the post-2007 global economic and financial crisis, growing by nearly 50 per cent. between 2008 and 2019, with an average annual GDP growth of approximately 4.2 per cent. In 2020 Poland's GDP shrank 2 per cent. as the pandemic crisis hampered private consumption and fixed investment. The economy bounced back from its 2020 slump to grow by 6.9 per cent. in 2021. It has been the fastest growth rate since 1995. In 2022, the Polish economy was hit by a strong supply and demand shock (caused by the outbreak of the war in Ukraine and its consequences) but it still performed well increasing by 5.3 per cent. However, 2023 ended with only 0.1 per cent. GDP growth mainly due to the decline in private consumption demand and a large unwinding of inventories. In 2024 GDP growth amounted to 2.9 per cent.

Poland's monetary policy mandate is laid out in the Constitution and the Act on the National Bank of Poland ("**NBP Act**"). The NBP is responsible for the formulation and implementation of monetary policy, the basic objective of which is to maintain price stability while supporting the Government's economic policy, insofar as this does not constrain the pursuit of the basic objective of the NBP. The Monetary Policy Council (an independent decision-making body of the NBP) ("**MPC**") conducts monetary policy with an inflation-targeting strategy. In 2004, the MPC adopted an inflation target of 2.5 per cent., with a symmetrical tolerance band for deviations of ± 1 percentage point. The main principles of the NBP's monetary policy strategy, including the inflation target level, its medium-term nature and floating exchange rate regime, have not changed since then.

Between the years 2004 and 2024, the average growth of consumer prices, as expressed in the Consumer Price Index ("**CPI**") in Poland, amounted to 3.4 per cent., close to the upper limit of the inflation target tolerance band, while the average level of core inflation (CPI excluding food and energy) stood at 2.5 per cent.

The following table illustrates certain macroeconomic statistics for the specific periods below:

	2020	2021	2022	2023	2024
	<i>(% EU27 (excluding the United Kingdom), Purchasing Power Standards, current prices)</i>				
GDP per capita	78.6	79.0	78.2	77.3	n.a.
	<i>(% GDP)</i>				
Private consumption	56.7	56.5	58.1	57.7	57.9
Public consumption	18.8	18.5	18.1	19.0	20.4
Investment	18.4	16.9	16.4	17.7	17.4
Export	52.4	57.0	62.4	58.1	52.2
Import	46.8	53.8	60.7	52.4	48.3
<i>Value added:</i>					
Industry	21.4	22.4	23.3	23.7	20.9
Construction	6.6	5.6	5.8	6.4	6.1
Trade; repair of motor vehicles	13.8	13.9	13.8	12.9	13.0
	<i>(total=100)</i>				
<i>Employment (LFS, 15 and over/15-89 years⁽¹⁾):</i>					
Agriculture	9.5	8.1	7.9	7.6	6.5
Industry and construction	31.5	30.6	30.5	29.5	30.0
Services	59.0	61.3	61.5	63.0	63.6
	<i>(%)</i>				
Activity rate (LFS, 15-89 years)	56.2	58.2	58.4	58.7	58.5
Employment rate (LFS, 20-64 years)	72.7	75.5	76.7	77.9	78.4
Unemployment rate (LFS, 15-74 years)	3.2	3.4	2.9	2.8	2.9

	2020	2021	2022	2023	2024
Labour productivity per person					
(EU27=100 ⁽²⁾)	82.2	82.0	82.1	82.7	n.a.
CPI	3.4	5.1	14.4	11.4	3.6
Core inflation	3.9	4.1	9.1	10.1	4.3
			(EUR million)		
Official reserve assets.....	125,622	146,576	156,455	175,403	214.194
			(% GDP)		
Net international investment position.....	(42.9)	(40.3)	(34.6)	(34.0)	n.a
CAB	2.4	(1.3)	(2.2)	1.8	0.1
Credit to the non-financial sector:					
Non-financial enterprises	14.1	13.0	12.2	11.0	10.8
Households.....	32.6	30.4	25.1	22.6	21.8

Source: Eurostat, NBP, Statistics Poland,

Note: Labour Force Survey ("LFS") methodology. Some data on the labour market from 2021 are not fully comparable with the data for 2020 due to methodological changes.

⁽¹⁾ Aged 15 and over in 2020 and aged 15-89 years in 2021-2024.

⁽²⁾ EU from February 2020 (excluding the UK).

RECENT ECONOMIC PERFORMANCE

After a sharp slowdown in 2023, real GDP growth rebounded in 2024. Economic growth amounted to 2.9 per cent. (year over year) while in 2023 it increased by only 0.1 per cent. Private consumption - the main growth driver - was 3.1 per cent. higher than in 2023, supported by rapidly rising wages, additional government social support boosting disposable income, and receding inflationary pressures. A high growth rate of 6.7 per cent. in 2024 was recorded in public consumption. Investment supported GDP growth much less in 2024 than in 2023, which was the final year when EU funding from the 2014-2020 programming period could be spent, and it grew by 1.5 per cent. (year over year). Net exports weighed negatively on GDP growth decreasing it by 1 percentage point, as rising domestic demand fuelled imports amid subdued exports. Gross value added increased by 2.1 per cent., less than GDP. Relatively low rates of growth in industry and in trade of 1 per cent. and 2.3 per cent., respectively, were accompanied by a decline in construction of 6.7 per cent.

In 2024, the CPI rate amounted to 3.6 per cent. on average, which was significantly lower than 11.4 per cent. in 2023. In the first half of 2024, inflation was low and amounted to 2.7 per cent., with the lowest rate of 2.0 per cent. (i.e. below the inflation target) in March. In July, the inflation rate rose to 4.2 per cent., primarily because price freezes on electricity and gas were partially lifted. In the third quarter of 2024, the CPI rate amounted to 4.5 per cent. and increased to 4.8 per cent. in the fourth quarter. Food prices in 2024 increased by 3.3 per cent. on average, energy prices by 2.0 per cent. (in the first half of 2024 energy prices were lower than a year before by 2.4 per cent. and in the second half higher by 6.7 per cent.) and core inflation was 4.3 per cent. (with much higher services prices than goods prices).

The labour market was relatively good in 2024. Although employment decreased, the unemployment rate was low, close to the historical minimum, the participation rate of the working-age population continued to increase and the nominal rate of wage growth continued to be in the double-digits. In 2024, employment was 0.4 per cent. lower than a year before. According to Eurostat, the harmonised unemployment rate (seasonally adjusted) remained relatively stable for most of 2024 (2.9-3.0 per cent.) slightly declining in the last months of 2024 (to 2.7 per cent. in December 2024). It remains one of the lowest rates in the EU. Nominal growth of average wages in the national economy increased from 13.1 per cent. in 2023 to 13.6 per cent. in 2024. Due to lower inflation in 2024, real growth of wages was high and amounted to 9.7 per cent. in 2024 vs. 1.6 per cent. in 2023.

Economic conditions in other European economies have been subdued. Although the euro area economy started to recover in the first half of 2024, and in the third quarter grew by 0.4 per cent., it nearly stagnated in the final quarter, recording GDP growth by 0.1 per cent. only (quarter on quarter, seasonally adjusted). For 2024 as a whole, GDP growth at 0.7 per cent. was still well below its long-term average. Across sectors, the rebound was driven by services while industrial activity recorded a decline, reflecting weak demand, competitiveness losses and rising uncertainty. The German economy - the main Polish export market - contracted by 0.2 per cent. in 2024 (Eurostat provisional data), marking the second consecutive year of shallow recession.

In 2024, according to preliminary data, Poland's current account surplus decreased to 0.1 per cent. of GDP. Exports were limited by low demand in the economies of Poland's main trading partners. Imports, on the other hand, benefited from an increase in domestic demand. The main source of the external imbalance was still the primary income deficit, but it was fully offset by a service surplus, which includes, among other things, expenditures of foreigners who plan to stay in Poland no longer than one year. The inflow of long-term capital (i.e. inflow of direct investments of non-residents and inflow of the EU structural funds classified on capital accounts) was lower than in 2023 but remained strong.

The MPC has kept NBP interest rates unchanged since October 2023, with the reference rate at 5.75 per cent. The monetary authorities have continued with a wait-and-see approach on interest rates, pointing to uncertainty over inflation developments, related in particular to the impact of fiscal and regulatory policies on price developments, as well as the pace of economic recovery in Poland and labour market conditions.

The following table sets out certain selected macroeconomic statistics for the five years ended 2024:

	2020	2021	2022	2023	2024
	<i>(Real growth, %)</i>				
GDP	(2.0)	6.9	5.3	0.1	2.9
Total consumption.....	(1.3)	5.9	4.0	0.7	4.0
Private consumption.....	(3.2)	6.2	5.2	(0.3)	3.1

	2020	2021	2022	2023	2024
Investment.....	(3.0)	1.5	1.7	12.6	1.5
(Contribution to GDP growth, percentage points)					
Domestic demand.....	(2.7)	8.1	4.7	(3.1)	3.9
Net export.....	0.6	(1.2)	0.6	3.2	(1.0)
					(%)
Employment growth (LFS, aged 15—89)	(0.1)	2.6	0.5	0.3	(0.4)
Unemployment rate (LFS, aged 15—74)	3.2	3.4	2.9	2.8	2.9
CPI	3.4	5.1	14.4	11.4	3.6
NBP reference rate (end of the period).....	0.10	1.75	6.75	5.75	5.75
			(% GDP)		
CAB	2.4	(1.3)	(2.2)	1.8	0.1

Source: Statistics Poland, NBP, Eurostat, own calculations

The following table illustrates the composition of GDP (as a percentage of total GDP) by statistical classification of economic activities in the EC (NACE) for the periods indicated.

	2020	2021	2022	2023*	2024
			(%)		
Sections					
Agriculture, forestry and fishing	2.6	2.2	2.8	2.7	2.6
Industry	21.4	22.4	23.3	23.7	20.9
Construction	7.1	6.1	5.8	6.4	6.1
Trade; repair of motor vehicles	13.8	13.9	13.8	12.9	13.0
Transport.....	5.9	5.4	5.8	6.1	6.2
Accommodation and catering.....	1.0	1.2	1.4	1.6	1.7
Information and communication	3.9	4.3	4.5	4.3	4.3
Financial and insurance activities.....	3.7	3.3	4.7	4.6	4.8
Real estate activities.....	5.8	5.5	5.3	5.2	5.5
Professional, scientific and technical activities and administrative and support service activities.....	7.8	7.6	7.2	7.5	7.8
Public administration and defence; compulsory social security; education; human health and social work activities.....	13.5	13.7	13.0	13.8	14.5
Arts, entertainment and recreation; other service activities; activities of household and extraterritorial organisations and bodies.....	1.6	1.5	1.5	1.6	1.6
Gross value added	88.2	87.2	89.2	90.3	88.8
Taxes on products less subsidies on products	11.8	12.8	10.989	9.7	11.2
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0

Source: Statistics Poland

Economic Outlook for 2025 according to the 2025 Budget Act

After a marked decline in inflation and record positive real wage growth supported by increases in the minimum wage and public sector wages, resulting in a marked increase in household disposable income (and consequently private consumption) and government consumption in 2024, the 2025 Budget Act anticipates there will be a further recovery in 2025. According to the Budget Act for 2025, real GDP growth in 2025 will accelerate to 3.9 per cent. This will be influenced by, among other things, increased inflows of funds under the Recovery and Resilience Facility (RRF) and a marked increase in defence investment. Private and public investment will also become additional drivers of growth, in addition to the continued high dynamics of private consumption.

The main factors that will affect inflation on an average annual basis will be an increase in regulated energy prices and a positive labour market that is conducive to the persistence of elevated core inflation. However, uncertainty in energy price forecasts remains high and depends on possible economic policy actions. The labour market situation in Poland remains favourable, and unemployment remains one of the lowest in the EU, despite the influx of a large number of refugees from Ukraine. Due to further improvement in the pace of economic growth, demand for labour will increase. As a result, employment in the national economy is expected to increase by 0.4 per cent. in 2025, and the unemployment rate is projected to average 2.7 per cent. in 2025. In 2025, in nominal terms, the growth rate of imports of goods and services is expected to be higher than that of exports. As a result, the current account surplus is expected to narrow to 0.5 per cent. of GDP. The inflow of long-term capital, i.e., non-resident direct investment and European structural funds classified in the capital account, should also continue.

Risks

The major risk for the macroeconomic situation in Poland envisaged in the 2025 Budget Act is external factors. The 2025 Budget Act's baseline scenario assumes that economic growth in the EU, which is Poland's largest trading partner, will follow the macroeconomic scenario published by the European Commission in May 2024. However, the European Commission points out that a heightened level of uncertainty about the growth prospects of the EU economy persists. Due to two ongoing wars in proximity to the EU and rising geopolitical tensions, there is a risk of negative effects on global trade and the energy market. In addition, persistent inflation in the U.S. may delay interest rate cuts, tightening global financial conditions, and central banks of EU member states may delay interest rate cuts until more marked inflation moderation.

The second major risk is the future course of the war in Ukraine and its impact on both the domestic and European economies. An escalation of the conflict could lead to an increase in commodity and food prices in global markets, and a prolonged conflict might result in the outflow or reduction of foreign investments in the CEE region. Another factor is migration, which has significantly impacted the size of the workforce supply in recent and previous years. There is significant uncertainty regarding the scale of the migration flows in the coming years. Currently, around one million Ukrainian citizens (who are war migrants) are residing in Poland, and their integration with the domestic job market has been very successful (i.e. in 2024, 68 per cent. of refugees worked), which has had an impact on Polish GDP and economic potential. However, the number of individuals planning to return to Ukraine in the event of the war's end is unknown, which could significantly affect the labour supply.

TRADE AND BALANCE OF PAYMENTS

Balance of Payments

In 2020, Poland's current account balance was positive and amounted to EUR 12,612 million. In 2021, the current account balance was negative and amounted to EUR 7,781 million, as well as in 2022 where it amounted to EUR 14,872 million. In 2023, it was positive and amounted to EUR 13,485 million. Measured by balance of payments statistics in 2020, the surplus in trade in goods amounted to EUR 6,975 million. In 2021 and 2022, the balance of trade in goods was negative and amounted to EUR 7,682 million in 2021 and EUR 22,019 million in 2022. In 2023, the balance of trade in goods was positive and amounted to EUR 4,738 million. The main driver of the positive trade balance was a surplus in trade in services.

In 2020, the balance of goods improved as a result of faster growth in exports than imports. In 2021, net goods exports decreased as a result of faster growth in imports than exports. A similar situation occurred in 2022, when the balance of goods decreased. In 2023, the balance of goods improved as a result of faster growth in exports than imports. In 2020, the value of exports increased by 0.1 per cent., and the value of imports decreased by 4.9 per cent. In 2021, the value of exports and imports increased by 19.5 per cent., and by 27.0 per cent., respectively, compared with 2020. In 2022, the value of exports increased by 23.0 per cent., and the value of imports increased by 27.7 per cent., compared with 2021. In 2023, the value of exports increased by 3.5 per cent., while the value of imports decreased by 4.5 per cent., compared with the corresponding period in 2022. Direct investments are presented in the balance of payments according to the 'assets and liabilities' principle. In 2020, the balance of transactions on the liabilities side of direct investment was positive, and amounted to EUR 17,476 million. A positive balance was also achieved in 2021 and 2022, amounting to EUR 31,695 million and EUR 39,251 million, respectively. In 2023, inflows of capital of EUR 31,723 million were observed in the balance of payments. During 2022, the surplus in the balance of direct investment resulted from a positive balance of transactions involving equity and investment fund shares amounting to EUR 25,639 million. The balance of debt instruments was also positive, amounting to EUR 13,612 million. The balance of direct investment on the liabilities side in 2023 was influenced by positive net inflows of equity and investment fund shares in the amount of EUR 29,344 million, and net inflows of capital against debt instruments in the amount of EUR 2,379 million.

	2020	2021	2022	2023	Eleven month ended 30 November 2024
			(EUR millions)		
Current Account	12,612	(7,781)	(14,872)	13,485	1,483
Balance on Goods.....	6,975	(7,682)	(22,019)	4,738	(5,054)
Goods: exports f.o.b.	220,546	263,570	324,311	335,551	306,425
Goods: imports f.o.b.	213,571	271,252	346,330	330,813	311,479
Balance on Services.....	22,772	26,422	35,990	39,439	36,565
Services: Credit.....	58,296	68,703	90,877	100,638	98,075
Services: Debit.....	35,524	42,281	54,887	61,199	61,510
Balance on Primary Income.....	(19,680)	(25,623)	(26,036)	(28,645)	(25,936)
Primary income: Credit.....	11,742	13,690	19,712	22,190	21,381
Primary income: Debit.....	31,422	39,313	45,748	50,835	47,317
Balance on Secondary Income.....	2,545	(898)	(2,807)	(2,047)	(4,092)
Secondary income: Credit.....	11,211	9,373	10,526	11,290	9,127
Secondary income: Debit.....	8,666	10,271	13,333	13,337	13,219
Capital Account	9,296	4,545	1,224	1,161	4,922
Capital account: Credit.....	13,804	14,794	14,125	16,058	9,668
Capital account: Debit.....	4,508	10,249	12,901	14,897	4,746
Financial Account	17,109	(3,775)	(15,249)	10,402	(1,545)
Direct investment assets.....	4,190	8,626	12,010	13,664	6,012
Direct investment liabilities.....	17,476	31,695	39,251	31,723	20,495
Portfolio investment assets.....	(3,447)	4,214	3,139	13,372	10,902
Equity securities.....	(6,083)	4,070	(960)	1,874	4,095
Debt securities.....	2,636	144	4,099	11,498	6,807
Portfolio investment liabilities.....	(10,009)	(5,727)	5,555	9,134	23,875
Equity securities.....	(3,141)	525	(1,219)	652	1,590
Debt securities.....	(6,868)	(6,252)	6,774	8,482	22,285
Other investment assets.....	12,936	10,799	19,032	14,696	16,082
Monetary authorities.....	3	39	4	0	31
Central and local government....	2,121	(1,277)	(670)	3,511	4,615
MFI (excluding Central Bank) ..	(447)	7,282	14,703	10,513	5,527
Other sectors.....	11,259	4,755	4,995	672	5,909
Other investment liabilities.....	4,094	14,364	16,990	12,319	10,016
Monetary authorities.....	490	2,512	3,965	3,892	2,345

	2020	2021	2022	2023	Eleven month ended 30 November 2024
Central and local government....	2,963	6,231	3,531	4,435	4,849
Monetary and financial institutions (excluding Central Bank)	441	(1,114)	5,519	4,435	3,182
Other sectors	200	6,735	3,975	(443)	(360)
Financial derivatives.....	(924)	(2,989)	(527)	2,632	715
Official Reserve Assets.....	15,915	15,907	12,893	19,214	19,130
Net errors and omissions	(4,799)	(539)	(1,601)	(4,244)	(7,950)

(*) Preliminary data
Source: NBP

Foreign Direct Investment ("FDI")

FDI comprises transactions on shares in direct investment entities (including purchases of such shares), reinvestment of earnings and a balance of transactions on debt instruments.

The inflow of FDI to Poland is based on data reported by companies and banks. Annual figures on FDI are set according to the OECD Benchmark Definition of Foreign Direct Investment, fourth edition. The following table sets out the inflow of FDI to Poland for the periods indicated:

Year	Components of FDI inflow			
	Equity	Reinvestment of earnings	Debt instruments	Total (net)
	(EUR millions)			
2015	5,229	6,966	1,563	13,758
2016	1,776	8,549	3,855	14,181
2017	(938)	9,172	(92)	8,142
2018	4,197	8,250	1,108	13,555
2019	2,575	10,188	(695)	12,069
2020	3,910	10,511	(1,089)	13,332
2021	4,880	15,970	3,869	24,719
2022	6,146	16,166	7,619	29,931
2023*	13,028	15,971	(2,615)	26,384

(*) Preliminary data.
Source: NBP

In 2023, the net FDI inflows in Poland amounted to EUR 26,384 million. The inflows from EU countries amounted to EUR 19,581 million, derived mainly from The Netherlands, United Kingdom and Ireland. Net inflows from countries outside the EU amounted to EUR 6,796 million, with the most significant inflows from Japan and Israel. Inflows of FDI in 2023 were attributable to: (i) reinvestment of earnings amounting to EUR 15,971 million; (ii) net inflows of equity of EUR 13,028 million, and (iii) net outflows of capital against debt instruments (other capital) of EUR 2,615 million.

Foreign Trade

Exports accounted for 57.0 per cent. in 2021, 64.2 per cent. in 2022, 58.1 per cent. in 2023 and 53.7 per cent. in the first three quarters of 2024. Imports constituted 53.8 per cent. in 2021, 60.7 per cent. in 2022, 52.4 per cent. in 2023 and 49.2 per cent. in the first three quarters of 2024.

Focus of Trade

From January to November 2024, trade with EU countries accounted for 74.2 per cent. of exports and 53.0 per cent. of imports. Germany is Poland's largest trading partner, accounting for 27.1 per cent. of exports and 19.3 per cent. of imports. Trade with other EU countries accounted for 47.1 per cent. of exports and 33.7 per cent. of imports in the same period.

The most significant export items from January to November 2024 (according to preliminary data) were machinery and transport equipment (cars, vehicles, ships, boats, parts and accessories for motor vehicles), miscellaneous manufactured articles (other consumer goods) and manufactured goods. The most significant

imported items were machinery and transport equipment (cars, vehicles, ships, boats, parts and accessories for motor vehicles), miscellaneous manufactured articles, manufactured goods and chemicals and related products.

The following table sets out, on a percentage basis, the geographic distribution of Poland's exports and imports for the years indicated:

	2020		2021		2022		2023		January – November – 2024*	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
Developed Countries:										
Germany	29.0	21.9	28.8	20.9	27.9	20.2	27.9	19.9	27.1	19.3
United Kingdom	5.7	2.1	5.0	1.6	4.9	1.8	5.0	1.8	5.3	1.7
Other EU countries	45.1	33.5	46.3	33.2	47.9	31.2	42.0	32.3	41.8	32.0
Other developed countries ...	6.5	7.6	6.3	7.0	6.6	9.0	11.7	12.0	12.3	12.0
	86.3	65.1	86.4	62.7	87.3	62.2	86.6	66.0	86.5	65.0
Total developed countries										
Central and Eastern										
Europe:										
CEFTA ⁽¹⁾	0.6	0.5	0.6	0.5	0.7	0.5	0.7	0.5	0.8	0.5
Russia	3.0	4.4	2.8	5.9	1.4	4.2	1.0	0.7	0.8	0.5
Other Central and Eastern										
Europe ⁽²⁾	2.4	1.2	2.3	1.5	2.7	1.5	3.4	1.0	3.7	1.1
Total Central and Eastern	6.0	6.1	5.7	7.9	4.8	6.2	5.1	2.2	5.3	2.1
Europe										
Developing countries	7.7	28.8	7.9	29.4	7.9	31.6	8.3	31.8	8.2	32.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(*) Preliminary data.

Source: Statistics Poland

⁽¹⁾ The parties of the Central European Free Trade Agreement ("CEFTA") are Albania, Bosnia and Herzegovina, Moldova, Montenegro, North Macedonia, Serbia and the United Nations Interim Administration Mission in Kosovo on behalf of Kosovo.

⁽²⁾ "Other Central and Eastern Europe" includes European countries of the former Union of Soviet Socialist Republics.

Trade Policy

Since Poland's accession to the EU on 1 May 2004, Poland has applied the EU's Customs Tariff.

The Common Customs Tariff specifies tariff classification rules and customs rates for each Combined Nomenclature code describing goods. All economic operators in Poland are obliged to comply with the Common Customs Tariff if their activity consists of the import or export of goods, regardless of whether they are domestic or foreign economic operators.

The Common Customs Tariff is binding in its entirety, and is directly applicable in all Member States, including Poland.

Since 1 January 2025, the Commission Implementing Regulation (EU) 2024/2522 of 23 September 2024 has amended Annex I to Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

Movement of Foreign Exchange Rates

Exchange Rate Policy

Since April 2000, the Polish zloty has, generally, been floating freely. The floating exchange rate regime does not rule out interventions in the foreign exchange market whenever it is warranted by the market conditions or conducive to ensuring a country's macroeconomic or financial stability.

The following table sets out the official NBP exchange rate between the zloty and the U.S. dollar for the periods indicated:

	2020	2021	2022	2023	2024
End of period.....	3.7584	4.0600	4.4018	3.9350	4.1012
Average.....	3.8993	3.8629	4.4607	4.2021	3.9812

Source: NBP

The following table sets out the official NBP exchange rate between the złoty and the euro for the periods indicated:

	2020	2021	2022	2023	2024
End of period.....	4.6148	4.5994	4.6899	4.3480	4.2730
Average.....	4.4448	4.5674	4.6869	4.5430	4.3064

Source: NBP

Total External Debt

Information on Poland's external debt is prepared in accordance with the following definition. Gross external debt, as defined in IMF 2013 External Debt Statistics: Guide for Compilers and Users, at any given time, is the outstanding amount of those actual current, non-contingent liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and are owed to non-residents by residents of a given country. It refers to gross debt, i.e. the particular foreign liabilities of Poland (with no deduction of Polish assets abroad). The external debt obligations take into account only those that are existing and unregulated (i.e. the creditor must have a claim against the debtor). External debt covers the entire range of debt instruments, regardless of how they are constructed. Debts are usually repaid by the debtor providing economic value, i.e. financial or non-financial assets (including commodities) to the creditor, usually under a contract that specifies the terms and conditions of repayment.

The distinction between domestic and external (foreign) debt is based solely on the criterion of residence, regardless of the currency involved.

Total external debt at the end of September 2024 was EUR 417,073 million. Short-term debt on an original maturity basis constituted 27.6 per cent. of the total external debt and was completely covered by the official reserve assets. The general government sector's foreign debt constituted 28.5 per cent. of Poland's total foreign debt. The share of the enterprise sector (including Direct Investment) in total external debt was 48.9 per cent.

External debt has been presented using standards outlined by the IMF in the BPM6.

The following table shows Poland's external debt by obligor as at the dates indicated:

	As at 31 December				As at 30 September 2024*
	2020	2021	2022	2023	
	(EUR millions)				
Central Bank	12,333	15,798	19,701	23,560	21,497
Other investment.....	12,333	15,798	19,701	23,560	21,497
Special drawing rights (SDRs), Allocation.....	1,545	6,472	6,553	6,368	6,351
Loans.....	0	0	0	0	0
Currency and deposits	10,788	9,326	13,145	17,044	15,146
Other liabilities.....	0	0	3	148	0
Central and local government.....	96,897	89,953	92,010	105,078	118,805
Debt securities.....	73,053	59,861	58,321	66,520	76,108
Bonds and notes	72,852	59,860	58,321	66,520	76,108
Money market instruments.....	201	1	0	0	0
Other investment.....	23,844	30,092	33,689	38,558	42,697
Trade credits.....	45	52	67	103	152
Loans.....	22,303	28,868	32,777	37,453	41,220
Other liabilities.....	1,496	1,172	845	1,002	1,325
MFIs except the Central Bank.....	48,919	48,303	50,864	62,559	72,694
Debt securities.....	10,389	10,456	11,322	17,151	26,706
Bonds and notes	10,362	10,456	11,322	17,151	26,706
Money market instruments.....	27	0	0	0	0
Other investment.....	38,530	37,847	39,542	45,408	45,988
Loans.....	20,811	19,543	21,763	26,381	25,979
Currency and deposits	16,640	18,109	17,219	18,354	19,382
Other liabilities.....	1,079	195	560	673	627
Other sectors	62,289	72,023	78,624	80,507	83,280
Debt securities.....	2,957	4,743	4,373	5,204	4,787
Bonds and notes	2,957	4,742	4,365	5,109	4,715
Money market instruments.....	0	1	8	95	72
Other investment.....	59,332	67,280	74,251	75,303	78,493
Currency and deposits	0	0	0	0	0
Trade credits.....	16,820	21,197	24,425	22,685	23,766
Loans.....	39,862	43,287	47,389	50,274	51,461

	As at 31 December				As at 30 September
	2020	2021	2022	2023	2024*
			<i>(EUR millions)</i>		
Insurance technical reserves	561	625	690	863	957
Other liabilities.....	2,089	2,171	1,747	1,481	2,309
Direct investment: intercompany lending.....	87,463	97,893	110,947	116,245	120,797
Direct investors in direct investment enterprises	45,341	50,870	59,511	63,037	65,422
Direct investment enterprises in direct investors	3,321	3,396	4,558	3,796	3,533
Between related enterprises.....	38,801	43,627	46,878	49,412	51,842
Total external debt	307,901	323,970	352,146	387,949	417,073

(*) Preliminary data
Source: NBP

MONETARY AND FINANCIAL SYSTEM

Structure and Development of the Polish Banking System

At the end of November 2024, there were 29 commercial banks (12 with majority Polish ownership and 17 with majority foreign ownership), 489 co-operative banks and 33 branches of foreign credit institutions operating in Poland. The banking sector was dominated by commercial banks, which together held 93 per cent. of the sector's total assets, 42 per cent. of which belonged to foreign-controlled subsidiaries and branches of credit institutions. Co-operative banks, which are numerous but small, formed Institutional Protection Schemes in 2016, and since then have been progressing towards integration and thus improving their competitive position in relation to commercial banks. Concentration of the market, although increasing, was still moderate – the market share of the five largest banks in the sector's assets amounted to 60 per cent. Three domestic banks performed services abroad, either through a subsidiary or a branch; however, the scope of this activity was fairly limited and did not influence the overall financial results of the sector.

Profits of the Polish banking sector in 2024 were historically high in nominal terms. The annualised return on equity ("**ROE**") and return on assets ("**ROA**") also increased compared to 2023, reaching 16.8 per cent. and 1.4 per cent. respectively in November 2024. In 2024, ROE for banks listed on the WSE exceeded their cost of capital. The main reason behind improved profitability was an increase in banks' net interest margin (from 3.5 per cent. in 2023 to 3.8 per cent. in November 2024). Another factor was the low cost of credit risk (annualised ratio of net provisions to loans outstanding was 0.34 per cent. in September 2024, 12 basis points less than in 2023). On the other hand, banks continued to create provisions for the legal risk relating to the legacy of foreign currency ("**FX**") housing loans (loans taken out by Poles in foreign currencies - in particular, in Swiss Francs - to take advantage of lower interest rates, but who subsequently struggled to meet the costs of servicing the loan when the value of the Swiss Franc surged against the złoty). There were no significant one-offs affecting net profits in 2024.

In December 2024, the annual growth rate² of corporate loans was 5.3 per cent. and consumer loans 6.0 per cent., and residential housing loans 3.8 per cent. (of which złoty-denominated housing loans stood at 8.4 per cent., and foreign currency-denominated housing loans -21.2 per cent., year-on-year). From mid-2023 until 2024 Q1 the demand for PLN housing loans was high on the back of the government programme "Safe housing loan 2 per cent.", in which the borrower pays interest of 2 per cent. (plus margin) only and the rest is subsidised by the Government. At the start of 2024 the programme was suspended due to funding depletion, and at this point there is no information about new government initiatives in this field. On the other hand, the rate of decline in FX housing loans increased substantially due to regular loan amortisation and due to the implementation of voluntary agreements concerning FX housing loans between banks and borrowers eliminating the legal risk for the bank and FX risk for the borrower. Banks' costs were also increased by the extension of the loan repayment holidays until the end of 2024. In 2024 the ratio of loans to the non-financial sector to GDP decreased by 0.3 percentage points to approximately 33.5 per cent.

Although the legal risk of FX housing loans remains the main risk to financial stability, banks have made substantial progress in mitigating this risk. The share of FX housing loans in the housing loans portfolio has been steadily decreasing (to 12 per cent., equivalent to 1.7 per cent. of assets in 2024), as since 2011 new housing loans have been granted almost entirely in złoty. The economic risk of this portfolio has been moderate so far, primarily due to high initial income buffers and substantial growth in nominal wages throughout the lending period (the majority of FX housing loans were granted in 2007-2008). However, the legal risk associated with the portfolio has become more material, especially since 2015 when the value of the Swiss Franc surged against the złoty. A large number of borrowers under FX housing loans challenged their loan agreements in court (approximately 145,000 CHF housing loans in September 2024, out of 205,000 CHF housing loans in total). As a result, banks have been consistently increasing provisions for this risk, which affects their net profits. Since 2021, banks have been offering out-of-court settlements to mitigate the costs of court rulings and mitigate the legal risks associated with FX housing loans (until September 2024, approximately 120,000 CHF housing loan agreements were concluded and the loans were converted into złoty). In September 2024, the provisions were on average equivalent to approximately 105 per cent. of the gross value³ of CHF housing loans. Banks hold additional capital under Pillar 1 to meet the

² Growth rates in this paragraph are exchange rate adjusted.

³ The number refers to gross value before any deductions, including for legal risk.

requirements of the higher risk weight (from 2025 1.5 times the risk weight for zloty loans) assigned to FX mortgage loans, as well as under Pillar 2 to cover other risks.

The non-performing loan ("NPL") ratio ("Stage 3" under IFRS) was stable over 2024 (5.3 per cent. in November 2024). The coverage ratio of impaired loans remained at a satisfactory level (62 per cent.) as well. The "Stage 2" ratio (the share of loans with a significant increase in the credit risk), after an increase since the outbreak of the COVID-19 pandemic fell slightly to 11.3 per cent. (September 2024). The largest portfolio in banks' books, housing loans, were in good condition, outperforming other loan portfolios (NPL ratio at 1.6 per cent. in November 2024). Higher interest rates might pose a challenge to certain borrowers as most of the mortgage loans (especially granted before 2022) are based on floating interest rates and their servicing costs are still high. Increases in the average level of wages since the loan was originated, however, allow many borrowers to maintain sufficient income buffers. At the same time (since 2015) borrowers under mortgage loans in poor financial condition can apply for support from the Borrowers Support Fund. The recent changes in the Fund (in force from May 2024) were favourable for borrowers (less restrictive access criteria⁴, higher maximum amounts of assistance and longer repayment term of the support granted). This should help avoid the sudden change of the adverse "cliff effect" that might be caused by the expiration of the mortgage holidays programmes, available in 2022-2024.

The banks' funding structure in 2024 remained solid and the share of local non-financial sector deposits amounted to approximately 60 per cent. of the total balance sheet. The downward trend in the share of funding raised from financial sector entities that began with the global financial crisis has slowed down and since December 2023 the value of the ratio has stabilised (8.3 per cent. in November 2024). The issuance of debt instruments by Polish banks is still limited (2.7 per cent. of total liabilities in November 2024, excluding (i) eligible liabilities of the sector, and (ii) issuances of a state bank to cover specialised needs). The loan-to-deposit ratio in December 2024 amounted to approximately 63 per cent.

In 2024, the banking sector experienced increasing capital surpluses above the regulatory, supervisory and resolution requirements (approximately PLN 56 billion or 5.2 per cent. of the total risk exposure amount, "TREA")⁶. This allows the banking sector to expand its lending activity and absorb costs stemming from potential negative shocks. Banks are also adequately equipped to meet the gradually introduced non-zero countercyclical buffer starting from September 2025.

Capital adequacy metrics remained stable throughout 2024, as a result of an increase in own funds and a rise of TREA driven by increased lending. Capital endowment rose mainly due to retention of current profits and the issuance of the new AT1 class of equity instruments introduced from Q4 2023. In September 2024, the average Total Capital Ratio stood at 20 per cent. (20.9 per cent. in September 2023) and the Tier I capital ratio at 18.6 per cent. The ratio of banks' TREA to total assets (so called RWA density) amounted to 43 per cent. and the leverage ratio was, on average, 8 per cent. The systemic resilience of the banking sector is being regularly assessed via top-down stress tests carried out by the NBP. The most recent results, published in December 2024, highlighted that even in the worst-case scenario, the vast majority of the examined banks would have enough capital to continue fulfilling Pillar 1 and 2 requirements. As far as the minimum requirement for own funds and eligible liabilities (MREL) is concerned, in 2024 banks significantly stepped up the issuance of eligible liabilities. Since September 2023 the value of issued eligible liabilities has more than doubled and reached approximately PLN 57 billion.

The National Bank of Poland

The NBP is the central bank of Poland. It is authorised by the Constitution, the NBP Act and the Banking Act of 29 August 1997 (the "**Banking Act**"). Those laws are consistent with EU standards. EU law, the Constitution of the Republic of Poland and the NBP Act all confirm the NBP's independence, which is essential for the credibility of the NBP. According to the Constitution, the NBP has the exclusive right to issue money as well as to formulate and implement monetary policy. In line with the NBP Act, it provides banking services to the state. Although the NBP may act as a financial agent to the government, it cannot be regarded as liable for the obligations of the State Treasury. The NBP is also responsible for establishing the necessary conditions for the development of the banking system. Under an amendment to the NBP Act

⁴ *The measures applied included the reduction of the minimum threshold for the housing loan instalment-to-income ratio (LSTI) from 50% to 40% and increase of the maximum threshold for income less housing loan servicing costs.*

in 2015, the NBP has been assigned the task of stabilising the financial system as well as reducing or eliminating the systemic risk of the financial sector.

The NBP has three governing bodies: the Governor, the Monetary Policy Council and the Management Board. The Governor of the NBP is appointed by the Sejm at the request of the President of the Republic of Poland for a six-year term, with strictly limited possibilities of removal. Adam Glapiński was officially appointed for a second consecutive term as the Governor of the NBP by the Sejm on 12 May 2022, and took office on 22 June 2022, after taking an oath of allegiance to the Sejm. Thus, his current term expires in mid-2028. The Governor of the NBP is the chairman of the other two governing bodies of the NBP, as well as the Financial Stability Committee in the area of macroprudential supervision. Under the NBP Act, the powers of the Governor of the NBP are separated from those of the MPC and the Management Board of the NBP.

Monetary policy decisions are made by the MPC. According to the Constitution and the NBP Act, the MPC formulates annual monetary policy guidelines and submits them to the Sejm together with the draft budget submitted by the Council of Ministers. Based on these guidelines, the MPC makes monetary policy decisions, in particular on interest rates, required reserve ratios and remuneration rates for reserve holdings. In addition, the Constitution requires that, within five months following the end of each fiscal year, the MPC must submit a report to the Sejm on its achievements with regard to areas of monetary policy. The Council also issues a triannual Inflation Report, which presents the MPC's assessment of the macroeconomic conditions influencing inflation developments.

The MPC consists of the Governor of the NBP as chairman and nine members from outside the NBP, who are appointed in equal numbers by the President of the Republic of Poland, the Sejm and the Senate for a period of six years. The tenure of one of the current members began in 2019, while eight other members began their tenure in 2022.

The principles for setting the zloty exchange rate are determined by the Council of Ministers in consultation with the MPC. The NBP Management Board performs tasks related to the foreign exchange policy. The NBP publishes current middle exchange rates for foreign currencies and rates for other types of foreign exchange, such as buy and sell prices of foreign currencies, and performs its function as the central foreign exchange authority by holding and managing the official foreign exchange reserves, and by conducting banking operations and taking other measures to ensure the safety of foreign exchange operations and liquidity of international payments.

The NBP Management Board's core responsibilities include implementing the resolutions of the MPC, supervising open market operations, performing tasks concerning the exchange rate policy and analysing the stability of Poland's financial system. The Management Board consists of the Governor of the NBP and six to eight members, two of whom are vice presidents. In line with the Management Board's mandate regarding financial stability set forth in the NBP Act, the NBP produces a semi-annual Financial Stability Report, which analyses the resilience of the domestic financial system, in particular the banking sector, against potential or materialised financial and macroeconomic shocks. The reports take into account a wide range of financial and macroeconomic indicators, which are largely based on data received directly from financial institutions and supported by the NBP's own quantitative and qualitative research.

Capital Markets

Warsaw Stock Exchange

In 1991, Poland established the Warsaw Stock Exchange (the "**WSE**"). The WSE operates the main market and also acts as the operator of an alternative market called NewConnect (established in August 2007) for smaller companies. In November 2010, the WSE went public and its shares were self-listed.

In September 2009, the WSE launched CATALYST, the first organised market in debt securities in Poland and a unique market of its kind in Central and Eastern Europe. The system facilitates and optimises issuances of, as well as trading in, corporate and municipal bonds. BondSpot SA, a subsidiary of the WSE, also operates Treasury BondSpot Poland, which is a wholesale market dedicated to trading in Treasury bonds and Treasury bills.

According to the WSE, it is now the largest national financial instruments exchange in CEE (including Poland, the Czech Republic, Slovakia, Slovenia, Bulgaria, Romania, Austria and Hungary), and in recent

years it has been one of the fastest-growing stock exchanges in Europe. The WSE Group offers a wide range of products and services within its trading markets of equities, derivatives, debt and structured products, electricity, natural gas and property rights, as well as the clearing of transactions, operation of the Register of Certificates of Origin of electricity, and the sale of market data.

As at the end of January 2025, there were 410 companies listed on the WSE (367 Polish companies and 43 foreign companies) and, of a total of 36 investment firms conducting their activities under Polish law, nine were banks conducting brokerage activities and the remainder were independent entities. In January 2025, there were 3,529 licensed brokers of securities and 997 licensed investment advisers.

Foreign investors may trade on the WSE on the same terms as domestic investors, and may freely repatriate trading profits in a foreign currency.

Development of the Polish capital market resulted in upgrading Poland's status to "developed market" in the indices run by FTSE Russell as part of the September 2017 FTSE Country Classification annual review of markets. Receiving the status of a "developed market" by Poland was the first such event in almost a decade. Moreover, Poland is the first country from the CEE region for which the "developed market" status was updated by FTSE Russell. Since the date of promotion, major Polish companies have been included in the FTSE Developed Index.

Treasury Securities

Treasury bonds and bills denominated in PLN are sold at regular auctions by the State Treasury. The primary domestic market is based on a selected group of banks acting as primary dealers. Bonds are also sold to individual persons in retail offers.

The following table sets forth certain information with respect to the sale of Treasury securities on the domestic market for the periods indicated:

	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>	<u>Q4 2024</u>	<u>2024</u>
	<i>(nominal amount, PLN billions)</i>				
Gross sales of Treasury securities					
Treasury bonds.....	92.3	86.0	94.2	82.0	354.6
Treasury bills.....	0	0	0	0	0
Total	<u>92.3</u>	<u>86.0</u>	<u>94.2</u>	<u>82.0</u>	<u>354.6</u>
Net sales of Treasury securities					
Treasury bonds.....	59.2	20.5	51.9	39.6	171.2
Treasury bills.....	0	0	0	0	0
Total	<u>59.2</u>	<u>20.5</u>	<u>51.9</u>	<u>39.6</u>	<u>171.2</u>

Treasury bonds are traded on three segments of the secondary market: the non-regulated over-the-counter ("OTC") market, the Treasury BondSpot Poland electronic platform, and on regulated markets of the WSE and BondSpot S.A. In 2024, Treasury bonds were primarily traded on the OTC market (93.80 per cent. of total trading volume), while the shares of Treasury BondSpot Poland's electronic platform and the regulated markets of the WSE and BondSpot S.A. in the total Treasury bond trading volume amounted to 6.17 per cent. and approximately 0.02 per cent., respectively.

The principal holders of State Treasury debt at the end of December 2024 were the domestic banking sector with PLN 608.9 billion (37.4 per cent.), foreign investors with PLN 505.7 billion (31.0 per cent.) and domestic non-banking investors with PLN 514.7 billion (31.6 per cent.).

The average time to maturity (ATM) of domestic marketable debt increased from 4.08 years at the end of December 2023 to 4.32 years at the end of December 2024. The average time to refixing (ATR) and duration of domestic marketable debt increased from 3.02 and 2.65 years, respectively, at the end of December 2023 to 3.11 and 2.79 years, respectively, at the end of December 2024. The level of interest rate risk for foreign debt does not pose a threat to minimising costs, as the sensitivity of foreign currency debt servicing costs to changes in interest rates is limited (ATR at 7.40 years and duration of 5.66 years at the end of December 2024).

Money Supply and NBP Interest Rates

Monetary Policy

The primary objective of the NBP's monetary policy is to maintain price stability, while supporting the economic policy of the Government, insofar as this does not constrain the pursuit of the basic objective of the NBP. Striving to maintain price stability, the NBP pursues an inflation targeting strategy under the floating exchange rate regime. At the same time, monetary policy is conducted in a way that helps maintain sustainable economic growth and financial stability.

Every year, the MPC publishes its Monetary Policy Guidelines, providing an outline for the monetary policy in the coming year. According to the Monetary Policy Guidelines, since 2004 the medium-term inflation target has been set at 2.5 per cent., with a symmetrical band for deviations of ± 1 percentage point. The target is defined over a medium-term horizon and in terms of annual growth of CPI. According to the Monetary Policy Guidelines, the key instrument of monetary policy is NBP interest rates.

In 2024 CPI inflation decreased significantly compared to 2023 (the average annual inflation amounted to 11.4 per cent. (year over year) in 2023 and to 3.6 per cent. (year over year) in 2024). However, while from February until June 2024, i.e. for most of the first half of 2024, inflation was consistent with the NBP inflation target, it increased markedly in the second half of the year (fluctuating between 4.2 per cent. and 5.0 per cent. (year over year)). Higher inflation in the second half of 2024 resulted mainly from increases in the administered prices of energy carriers, as well as – albeit to a lesser extent – higher annual growth in prices of food and non-alcoholic beverages. At the same time, the inflation net of food and energy prices remained elevated throughout the year, above all due to high growth in services prices. This was fuelled by strong wage growth, stemming, among others, from wage increases in the public sector.

Against this background, the MPC kept interest rates unchanged throughout 2024, as well as at the January 2025 meeting (in particular the NBP reference rate has been kept at 5.75 per cent). The MPC judged that this level of the NBP interest rates was conducive to meeting the NBP inflation target in the medium term.

At the meeting held in January 2025, the MPC assessed that in the coming quarters inflation would remain markedly above the NBP inflation target, driven by the effects of the already introduced increases in energy prices, as well as rises in excise duties and administered services prices. At the same time, the MPC observed that core inflation would probably also continue to be elevated. The unfreezing of energy prices in the second half of 2025 may contribute to extending the period of inflation staying above the target. MPC noted that in the medium term – under the unchanged NBP interest rates level and amid the expected gradual decline in wage growth – inflation should return to the NBP target. According to the MPC, the impact of elevated inflation on inflation expectations and wage pressure – especially against the anticipated economic recovery and low unemployment – remained an uncertain factor. Inflation developments over the medium term would be also affected by the further fiscal and regulatory policy measures.

Further decisions of the MPC will depend on incoming information regarding prospects for inflation and economic activity. The NBP will continue to take all necessary actions in order to ensure macroeconomic and financial stability, including above all to bring inflation down sustainably to the NBP inflation target in the medium term.

Money Supply

In 2024, the annual rate of growth of broad money supply was 9.35 per cent. in nominal terms, or 4.5 per cent. in real terms.

The following table sets out data on monetary aggregates for the periods indicated:

	2020	2021	2022	2023	2024
Cash in circulation.....	306,809.4	340,406.5	353,707.5	362,608.6	399,101.6
Demand deposits	1,224,904.3	1,384,380.3	1,231,193.4	1,322,525.8	1,459,640.9
Narrow Money (M1)	1,531,713.7	1,724,786.8	1,584,901.0	1,685,134.4	1,858,742.5
Time deposits	283,035.3	249,710.0	493,347.4	574,085.46	610,353.9
Repurchase agreements	2,835.6	5,821.3	4,920.2	5,387.3	5,986.2

	2020	2021	2022	2023	2024
Debt securities with maturity less than two years.....	5,143.2	4,498.2	8,086.9	3,613.7	4,918.6
Broad Money (M3)	1,822,727.7	1,984,816.2	2,091,255.5	2,268,220.8	2,480,001.2
Annual changes (%)					
Broad money (nominal)	16.4	8.9	5.4	8.5	9.3
Broad money (CPI deflated).....	13.7	0.2	-9.6	2.2	4.5

Source: NBP

Polish monetary statistics are maintained in accordance with the requirements of the European Central Bank and, as such, are directly comparable to the statistics provided by other states applying the same methodology.

Monetary Policy Implementation

The NBP interest rates are the key instrument of monetary policy with regard to reaching the predetermined inflation target in Poland. By setting the level of these rates, the MPC influences the level of short-term market interest rates.

The NBP reference rate determines the yield obtainable on the main open market operations conducted by the NBP, while at the same time affecting the level of short-term market interest rates.

The NBP Lombard rate determines the interest on the Lombard credit offered by the NBP, allowing banks to obtain funds from the central bank on an overnight basis. The NBP deposit rate, in turn, determines the interest rate banks receive for depositing funds with the NBP on an overnight basis.

Monetary policy is conducted amid a surplus of banking sector liquidity, which affects the way monetary policy instruments are used (most of them are used to absorb excess liquidity from the banking sector).

The operational target of the NBP's monetary policy is to keep the POLONIA (Polish Overnight Index Average) rate running close to the NBP reference rate. Depending on the market conditions, the POLONIA rate may deviate from the NBP reference rate within the corridor set by the NBP deposit rate and the NBP Lombard rate.

The NBP open market operations can be divided into the following three categories:

- main open market operations, which are the primary instrument that the NBP uses to achieve the operational target of monetary policy. Through its main operations, the NBP affects liquidity conditions in the banking sector, and consequently the level of the POLONIA rate. These operations are normally carried out on a regular weekly basis in the form of NBP bills issuance, typically with a seven-day maturity. The NBP applies a fixed-rate tender procedure with the rate at the level of the NBP reference rate;
- fine-tuning operations, which supplement main operations with regard to the achievement of the operational target of monetary policy. Their use may be motivated by the need to provide or absorb liquidity from the banking sector. As part of liquidity provision, the NBP may offer repo transactions or redeem NBP bills before maturity. To absorb liquidity, the central bank may issue NBP bills or offer reverse repo transactions. The maturity and yield of these operations, as well as the manner to conduct them, are aligned with the purpose of their application; and
- structural open market operations, which may be conducted in order to change the liquidity structure in the banking sector in the long term, as well as to ensure the liquidity of the secondary market for debt securities or to strengthen the monetary transmission mechanism. As part of structural operations, the NBP may purchase or sell debt securities in the secondary market, as well as issue NBP bonds. Since December 2021, the NBP has not conducted such operations.

The required reserve system supports the achievement of the operational target of monetary policy, by stabilising the POLONIA rate. Averaged reserve requirement allows institutions subject to the reserve requirement the freedom to decide on the amount of funds held on the account with the central bank on particular days of the reserve maintenance period, provided that the average level of holdings at NBP

accounts is maintained at a level not lower than the required reserve level. At the same time, the required reserve reduces the scale of NBP open market operations conducted to absorb liquidity surplus.

Standing facilities offered by the NBP (i.e. Lombard credit and deposit facility) are designed to limit the scale of the POLONIA rate fluctuations by stabilising liquidity conditions in the banking sector.

Since October 2023 the NBP interest rates have been set at the following levels: the NBP reference rate – 5.75 per cent., the NBP deposit rate – 5.25 per cent., and the NBP Lombard rate – 6.25 per cent.

In 2024, the Polish zloty appreciated by 1.49 per cent. against the euro, and the EUR/PLN exchange rate remained within a relatively narrow range for most of the year. At the same time, amid a significant appreciation of the U.S. dollar against the euro (6.25 per cent.), the domestic currency weakened by 5.03 per cent. against the U.S. dollar.

The dominant factor in determining international market conditions throughout 2024 was monetary policy easing by the major central banks. Additionally, global financial markets were temporarily influenced by uncertainty related to major political events such as presidential elections in the US as well as some changing geopolitical risks (e.g. the escalation of the conflict in the Middle East). Amid those loose global financial conditions domestic factors continued to support the Polish zloty, including relatively strong economic fundamentals, expectations of EU fund inflows, and the stable NBP rates in 2024. The volatility of the domestic foreign exchange market was also contained.

The following table sets out details of interest rates set by the NBP, and changes made to them, since 2013:

	<u>Lombard Rate</u>	<u>Reference Rate</u>	<u>Deposit Rate</u>
	(%)		
Effective Date			
10 January 2013	5.50	4.00	2.50
7 February 2013	5.25	3.75	2.25
7 March 2013	4.75	3.25	1.75
9 May 2013	4.50	3.00	1.50
6 June 2013	4.25	2.75	1.25
4 July 2013	4.00	2.50	1.00
9 October 2014	3.00	2.00	1.00
5 March 2015	2.50	1.50	0.50
18 March 2020	1.50	1.00	0.50
9 April 2020	1.00	0.50	0.00
29 May 2020	0.50	0.10	0.00
7 October 2021	1.00	0.50	0.00
4 November 2021	1.75	1.25	0.75
9 December 2021	2.25	1.75	1.25
5 January 2022	2.75	2.25	1.75
9 February 2022	3.25	2.75	2.25
9 March 2022	4.00	3.50	3.00
7 April 2022	5.00	4.50	4.00
6 May 2022	5.75	5.25	4.75
9 June 2022	6.50	6.00	5.50
8 July 2022	7.00	6.50	6.00
8 September 2022	7.25	6.75	6.25
7 September 2023	6.50	6.00	5.50
5 October 2023	6.25	5.75	5.25

Source: NBP

PUBLIC FINANCE

Fiscal policy in Poland is conducted within the limitations contained in the provisions of national and EU laws comprising, among others:

- the upper limit of state budget expenditure for the following year, based on the stabilising expenditure rule contained in the Public Finance Act of 27 August 2009; and
- reference values for the general government nominal deficit (3 per cent. of GDP) and for the general government debt (60 per cent. of GDP), and the medium-term budgetary objective at the level of 1 per cent. of GDP.

The Government's primary goal, the achievement of sustainable public finances, requires further strengthening of the institutional framework for fiscal policy. Therefore, Poland adopted the stabilising expenditure rule ("**SER**") in 2013 (see "*Stabilising Expenditure Rule*" below). The rule was used in an auxiliary way in the process of designing the state budget for 2014. Formally, the rule was introduced in the 2015 budget. The SER contributes to a reduction of the excessive general government deficit and fiscal consolidation.

Fiscal Performance in 2023

According to the excessive deficit procedure (EDP) notification, the general government ("**GG**") deficit in 2023 amounted to PLN 179.9 billion, which represents 5.3 per cent. of GDP, which represents a deterioration of approximately 1.9 percentage points compared to 2022. The higher deficit of the government sector was the result of a nominal increase in revenues by approximately 15.1 per cent. (year over year), which translated into an increase of approximately 1.9 percentage points in relation to GDP with an increase in expenditure of approximately 19.3 per cent. (year over year), which means an increase of approximately 3.8 percentage points of GDP.

The GG sector deficit in 2023 was the result of:

- the deficit of the central government subsector: 4.1 per cent. of GDP (PLN 138.6 billion),
- the deficit of the local government subsector: 0.7 per cent. of GDP (PLN 24.8 billion),
- the deficit of the social insurance subsector: 0.5 per cent. of GDP (PLN 16.5 billion).

The increase in the deficit in 2023 compared to 2022 was the result of, *inter alia*:

- a significant increase in expenditure on the modernisation of the armed forces (the Homeland Defence Act),
- introduced protective measures to mitigate price increases, supporting households, sensitive entities and enterprises under the Anti-inflation, Energy and Solidarity Shield,
- increase in investments, especially in local governments.

GENERAL GOVERNMENT BALANCE

The following table sets out the general government balance (calculated pursuant to ESA 2010) for the years indicated:

	2019	2020	2021	2022	2023[*]
			(% GDP)		
General government balance	(0.7)	(6.9)	(1.7)	(3.4)	(5.3)
Central government	(1.1)	(7.8)	(1.8)	(3.0)	(4.1)
Local government	(0.2)	0.2	0.6	(0.4)	(0.7)
Social security funds.....	0.6	0.7	(0.5)	(0.0)	(0.5)

	2019	2020	2021	2022	2023
			(PLN millions)		
General government balance	(16,975)	(161,932)	(46,458)	(106,498)	(179,935)
Central government	(25,048)	(183,491)	(47,187)	(92,051)	(138,625)
Local government	(4,812)	4,131	14,836	(13,296)	(24,836)
Social security funds.....	12,885	17,428	(14,107)	(1,151)	(16,474)

(*) Preliminary data

Source: Statistics Poland

The following table sets out state budget revenue and expenditure using the Polish methodology⁵ for the years indicated:

	2021	2022	2023	2024 ⁽¹⁾	2025 ⁽²⁾
Total revenue	494.8	504.8	574.0	626.1	632.8
Total expenditure	521.2	517.4	659.6	866.4	921.6
Balance.....	(26.4)	(12.6)	(85.6)	(240.3)	(288.8)

	2021	2022	2023	2024 ⁽¹⁾	2025 ⁽²⁾
			(% GDP)		
Total revenue	18.6	16.3	16.8	17.2	15.9
Total expenditure	19.6	16.7	19.3	23.8	23.2
Balance.....	(1.0)	(0.4)	(2.5)	(6.6)	(7.3)

⁽¹⁾ 2024 Budget Act.

⁽²⁾ 2025 Budget Act.

Source: Ministry of Finance, Statistics Poland

The following table sets out certain information regarding total revenues and expenditure for local governments for the periods indicated:

	2020	2021	2022	2023	2024
Total revenue	304.9	333.4	345.7	362.0	431.4
Total expenditure	299.2	316.0	353.9	384.9	432.2
Balance.....	5.7	17.4	(8.2)	(22.9)	(0.8)

Source: Ministry of Finance

The Budget Process

The fiscal year for the government is the calendar year. Under the Constitution, the Council of Ministers must present a draft budget to the Sejm at least three months prior to the start of each fiscal year.

⁵ There are some differences in the scope of the sector and accounting methods in Poland as compared to the general government sector (as defined in ESA 2010). The Polish methodology differs from ESA 2010 in two significant respects:

- under ESA 2010, revenues and expenditures are calculated on an accrual basis, whereas a cash basis is used under the Polish methodology; and
- the scope of the public sector is defined differently under the two methodologies; for example, funds formed under the annual reports of BGK (e.g. the Fund to Counteract COVID-19, the NRF and the Railway Fund) and several companies (i.e. the PKP PLK company responsible for maintenance and development of railway infrastructure) are excluded under the Polish methodology but included under ESA 2010.

The budget then proceeds through the regular legislative process. If a budget has not been approved by the Sejm and the Senate before the beginning of the new fiscal year, the government is empowered by law to manage public finances on the basis of the draft budget until a budget is adopted. If no budget has been agreed by the Parliament and presented to the president for signing within four months of the Council of Ministers submitting the draft to the Sejm, the president may dissolve the Parliament.

The 2025 Budget Act

On 28 September 2024, the Council of Ministers approved the draft of the 2025 Budget Act, which was then sent to the Parliament. On 6 December 2024 the Parliament approved the 2025 Budget Act. The 2025 Budget Act was signed by the president on 17 January 2025.

In 2025 the state budget revenues are expected to amount to PLN 632.8 billion and expenditures are expected to be PLN 921.6 billion. As a result, the budget deficit in 2025 is planned to be PLN 288.8 billion. Revenues are expected to be 15.9 per cent. of GDP (17.6 per cent. in 2024) and expenditures 23.2 per cent. (23.8 per cent. in 2024).

The spending amount (PLN 1,895.8 billion) and the expenditure limit (PLN 1,396.7 billion) have been calculated in accordance with the algorithm presented in the Public Finance Act.

Revenues in the European funds budget are planned to be in the amount of PLN 109.9 billion, expenditures PLN 137.9 billion (the European funds budget includes grants from the RRF in the amount of PLN 52.2 billion) and the deficit PLN 28.0 billion.

The GG deficit in 2025 is projected to be around 5.5 per cent. of GDP.

Compared to expected performance in 2024, the revenues of the state budget in 2025 will decrease by 1.4 per cent. (PLN 8.7 billion). In 2025, tax revenues of the state budget are forecast to fall by 1.0 per cent. in nominal terms. The decrease compared to the previous year is directly due to the change planned for 2025 in the shares of local government units in personal income tax ("PIT") and corporate income tax. As of 1 January 2025, a significant change has taken place in the system of financing local government units (LGUs), under the new Act on the income of local government units. The new regulations on LGU income introduce significant changes in the method of calculating LGU shares in income taxes. Previously, LGU income was calculated on the basis of the due PIT and CIT tax, but according to the reform, local government income is calculated as a percentage of the actual income of taxpayers from the area of a given LGU. The key benefit of this solution is that LGU income is independent of changes in the tax system. The above change will not increase tax burdens. It only causes a different redistribution of PIT revenues between the central budget and the LGUs. The reform of local government revenues is expected to have a major impact on the implementation of state budget revenues from PIT in 2025.

The share of state budget expenditure in GDP in 2025 will amount to 23.2 per cent. compared to 23.8 per cent. in 2024, which is a decrease of 0.6 percentage points with a simultaneous nominal increase in expenditure and GDP growth. Compared to the 2024 Budget Act, expenditures in 2025 will increase by 6.4 per cent. (PLN 55.2 billion).

The budget and plan of the Armed Forces Support Fund for 2025 provide for record funds for national defence in the amount of PLN 186.6 billion, which is 4.7 per cent. of the GDP planned in the budget for 2025.

The 2025 Budget Act also allocates:

- over PLN 221.7 billion for health care (including the National Health Fund) and a record increase in expenditure on health care by nearly PLN 31.0 billion, i.e. 16.1 per cent.,
- PLN 8.4 billion for the implementation of the "Active Parent" benefits,
- PLN 62.8 billion for the "Family 800+" program,
- PLN 4.8 billion for social security contributions for parents on parental and maternity leave,
- PLN 7.1 billion for support benefits for people with disabilities,

- PLN 31.5 billion for the payment of additional annual cash benefits (the so-called 13th and 14th pensions), and
- PLN 24.2 billion for the indexation of pension benefits.

The budget assumes real GDP growth of 3.0 per cent. The following table sets out state budget revenue in nominal terms and as a percentage of GDP for the years indicated below:

	2021	2022	2023	2024 ⁽¹⁾	2025 ⁽²⁾
			(PLN millions)		
Nominal Revenues					
Tax Revenue	432,170.4	465,456.1	506,866.7	559,605.8	570,772.2
VAT and other indirect taxes	294,580.9	314,049.7	333,541.9	388,811.0	452,962.0
Corporate Income Tax	52,373.8	70,136.6	67,883.1	58,556.9	70,719.0
Personal Income Tax	73,606.2	68,107.2	91,665.8	97,745.4	31,735.6
Non-tax Revenue.....	60,521.2	36,782.3	63,709.8	62,546.0	57,940.6
Dividends.....	1,800.9	1,679.7	3,009.5	3,855.3	3,491.4
Transfers from the NBP.....	8,876.9	844.5	0	0	0
Custom Duties	6,412.9	8,271.6	6,159.6	6,849.0	7,541.0
Payments, fees, interest and others	40,285.1	22,535.8	50,859.7	45,278.1	45,608.3
Local government payments	3,145.5	3,450.9	3,681.0	4,988.6	0
Revenue from EU and other non-returnable means	2,151.9	2,582.3	3,381.4	3,923.9	4,135.4
Total Revenue.....	494,843.5	504,820.8	573,957.9	626,075.7	632,848.2
	2021	2022	2023	2024 ⁽¹⁾	2025 ⁽²⁾
			(% GDP)		
Tax Revenue	16.4	15.1	14.9	15.5	14.6
VAT and other indirect taxes	11.2	10.2	9.8	10.7	11.6
Corporate Income Tax	2.0	2.3	2.0	1.6	1.8
Personal Income Tax	2.8	2.2	2.7	2.7	0.8
Non-tax Revenue.....	2.3	1.2	1.9	1.7	1.5
Dividends.....	0.1	0.1	0.1	0.1	0.1
Transfers from the NBP.....	0.3	0.0	0.0	0.0	0.0
Custom Duties	0.2	0.3	0.2	0.2	0.2
Payments, fees, interest and others	1.5	0.7	1.5	1.3	1.2
Local government payments	0.1	0.1	0.1	0.1	0.0
Revenue from EU and other non-returnable means	0.1	0.1	0.1	0.1	0.1
Total Revenue.....	18.8	16.4	16.8	17.3	16.2

(1) 2024 Budget Act

(2) 2025 Budget Act

Source: Ministry of Finance, Statistics Poland

The following table sets out certain information regarding state budget expenditure in nominal terms and as a percentage of GDP for the years indicated:

	2021	2022	2023	2024 ⁽³⁾	2025 ⁽³⁾
			(PLN million)		
Subsidies ⁽¹⁾	3,102	2,981	8,550	12,109	12,052
Social Insurance	79,301	86,132	108,578	168,444	184,063
Current Expenditures of the Budget Sphere	251,732	251,632	280,036	375,996	470,238
Debt Service and Guarantees ⁽²⁾	25,958	32,718	61,710	66,500	75,500
Capital Expenditures	42,041	25,238	59,087	73,010	79,034
Subsidies to Local Authorities.....	78,032	74,645	99,373	119,718	49,421
EU own resources	32,230	34,294	30,314	35,910	35,655
Co-financing EU projects	8,821	9,759	11,937	14,689	15,655
Total State Budget Expenditures	521,217	517,399	659,586	866,376	921,618
	2021	2022	2023	2024 ⁽³⁾	2025 ⁽³⁾
			(% GDP)		
Subsidies ⁽¹⁾	0.1	0.1	0.3	0.3	0.3
Social Insurance	3.0	2.8	3.2	4.6	4.6
Current Expenditures of the Budget Sphere	9.5	8.1	8.2	10.3	11.8
Debt Service and Guarantees ⁽²⁾	1.0	1.1	1.8	1.8	1.9
Capital Expenditures	1.6	0.8	1.7	2.0	2.0
Subsidies to Local Authorities.....	2.9	2.4	2.9	3.3	1.2
EU own resources	1.2	1.1	0.9	1.0	0.9

	2021	2022	2023	2024⁽³⁾	2025⁽³⁾
			(% GDP)		
Co-financing EU projects	0.3	0.3	0.4	0.4	0.4
Total State Budget Expenditures	19.6	16.7	19.3	23.8	23.2

Source: Ministry of Finance

(1) Subsidies to enterprises.

(2) Debt Service includes Foreign and Domestic Debt.

(3) 2024, 2025 Budget Act.

STABILISING EXPENDITURE RULE

The goal of the SER is to ensure the sustainability of public finances in Poland and reduce its imbalance in case of exceeding deficit reference values (3 per cent. of GDP) and debt (60 per cent. of GDP) resulting from the Stability and Growth Pact. At the same time, the SER prevents excessive tightening of the fiscal policy, especially under conditions of severe economic slowdown and excessive loosening under favourable economic conditions.

The SER entered into force at the end of 2013 pursuant to the amendment of the Act on Public Finance and became binding in the budget process for 2015. The introduction of the SER, and the accompanying changes to Poland's domestic fiscal framework, ensured compliance with Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the member states, which obliges member states to use numerical fiscal rules.

In the period Q4 2023 - Q2 2024 the SER was a subject of the review conducted by the Ministry of Finance in cooperation with the International Monetary Fund. The review was a part of a realisation of the A4G milestone the Recovery and Resilience Plan of Poland and its main purpose consisted of the evaluation of SER's effectiveness, particularly regarding to escape and return clauses. Moreover, it analysed the SER formula in light of the modified economic governance framework under the EU's Stability and Growth Pact. The conclusion of the review was followed by the amendment to the Public Finance Act, which came into force on 23 July 2024, and the Fiscal Council Act, the provisions of which came into force on February 2025 and January 2026. The amendment modified the scope of the SER, expanding the range of units covered by the rule and bringing the exemptions in line with the new EU regulations, which came into force on 30 April 2024. Moreover, the formula determining the amount of expenditure under the SER was changed. The amendment also introduced changes to the escape clause and the correction mechanism in accordance with the new EU framework.

According to the amended SER formula, the level of expenditure increases, as a rule, by the product of medium-term real GDP growth and the GDP deflator. The amount of expenditures of the SER for the year prior to the budget year is adjusted ex-post according to the correction of the forecast error of the GDP deflator and the dynamics of real GDP. In case of the introduction of significant discretionary revenue measures, their total amount is added. Finally, under the operation of the correction mechanism, the level of spending is adjusted if certain conditions are met.

The level of expenditure resulting from the rule covers the expenditure of the vast majority of the general government, including funds created, entrusted or transferred to the State Development Bank of Poland (BGK) and Bank Guarantee Fund (BFG). In 2021, as part of the realisation of the A3G milestone, state special purpose funds were included in the SER. As a result of the amendment in July 2024, the SER covers all units whose financial plans are incorporated in the Budget Act in the form of annexes. These include budget economy institutions, executive agencies, the Social Security Administration and state legal entities referred to in Article 9(14) of the Public Finance Act. Moreover, in accordance with the Fiscal Council Act, as of January 2026, the expenditures of the National Health Fund, the COVID-19 Response Fund, and the Aid Fund will be included within the expenditure limit under the SER. From the level of expenditure determined in this manner, we subtract financial flows between the authorities and units covered by the SER, and funds created, entrusted or transferred to the BGK, which are not covered by the SER limit.

The calculation of the SER expenditure excludes budget spending of EU funds and expenditure financed by means of a non-refundable grant from the EU and EFTA countries, co-financing of expenditures financed by funds from the EU budget, financial flows between authorities and entities covered by the SER from grants and subsidies, financial flows between funds managed by the Social Insurance Institution (ZUS) and the President of the Agricultural Social Insurance Fund (KRUS) and the expenses for repayment of nominal values of debt instruments, in particular loans, credits and debt securities.

Since July 2024, the SER covers Treasury securities (at nominal value) provided free of charge by bodies and entities covered by the SER to entities belonging to the GG sector.

In 2020-2022, several amendments to the SER were introduced to allow tackling of the economic downturn caused by the COVID-19 pandemic, in line with the EC and the Ecofin Council recommendations and an activation of a general escape clause (GEC). Subsequently, due to the deactivation of the GEC and return to standard fiscal rules in the EU in 2024 as well as the challenges stemming from Russian aggression

against Ukraine, the SER was further amended in 2023, introducing important changes aimed at addressing these factors in line with EU rules requirements.

In accordance with the amendment of the SER in July 2024, the provisions of the SER do not apply (escape clause is activated) in case of the introduction of martial law, the introduction of a state of emergency on the entire territory of the Republic of Poland, the introduction of a state of natural disaster on the entire territory of the Republic of Poland, the declaration of a state of epidemic in the entire territory of the Republic of Poland or a significant economic slowdown.

As required by new EU provisions (reform of the economic governance), the Fiscal Council will be established in Poland. Pursuant to the Fiscal Council Act, its tasks related to the SER will include issuing an opinion on the SER parameters. These include the activation and deactivation of the escape clause in the budget act, the use of non-standard parameter values in the formula determining the amount of SER expenditures for the years of the return clause and the determination of the value of the SER correction mechanism. The Act also introduces the possibility, after obtaining the opinion of the Fiscal Council, of exceeding the expenditure limit under the SER in the event of extraordinary events beyond the control of the government, causing significant economic or social impacts

Excessive Deficit Procedure for Poland

On 19 June 2024, the European Commission published a report that analyzes compliance with the EU's reference values for the general government deficit and debt in the Member States. On the basis of this analysis, the Commission considered it appropriate to open an excessive deficit procedure for Belgium, France, Hungary, Italy, Malta, Poland and Slovakia. On 23 July 2024, the EU Council adopted decisions stating the existence of excessive deficits in these 7 countries.

On 26 November 2024, the Commission presented two draft EU Council recommendations, one endorsing the Polish Medium-Term Fiscal-Structural Plan (see below) and another one on the reduction of the excessive deficit. As regards the excessive deficit procedure ("EDP"), Poland should put an end to the excessive deficit situation by 2028. In order to achieve this, Poland should ensure that the nominal growth rate of net expenditure does not exceed maximum growth rates presented in the Polish Medium-Term Fiscal-Structural Plan.

Maximum growth rates of net expenditure (annual and cumulative growth rates, in nominal terms)

Years	2025	2026	2027	2028
Annual Growth rates (%)	6.3	4.4	4.0	3.5
Cumulative Growth rates (*)	19.6	24.9	29.9	34.4

(*) The cumulative growth rates are calculated by reference to the base year of 2023.

In line with the EU rules, Poland's first report on measures to eliminate the excessive deficit will focus on 2025 and will be available in April 2025. Poland is waiting for the formal adoption of the EDP recommendation by the EU Council during the Polish presidency.

Medium-Term Fiscal-Structural Plan

Under the EU's new economic governance rules, Poland sent its first medium-term fiscal-structural plan (the "**Plan**") for 2025-2028 to the EU on 9 October 2024. The Plan presents an expenditure path which provides for a gradual and growth-friendly reduction of the nominal general government deficit within 4 years. As a result of implementing the Plan, it should be possible to reduce the deficit to below 3 per cent. of GDP in 2028, thus complete the EDP in 2029 and bring the general government debt below 60 per cent. of GDP in the medium term.

In terms of the deficit reduction, the Plan assumes the use of non-linear distribution of the fiscal effort over the period covered by the Plan, as such flexibility is allowed by EU law. Under the budget act for 2025, the general government deficit is expected to be reduced to 5.5 per cent. of GDP, and then gradually to 2.9 per cent. of GDP in 2028. The projected debt-to-GDP ratio – mainly as a result of high defence spending – will temporarily increase above 60 per cent. (to 61.3 per cent. in 2027), and in 2028 it will start to decrease to below 60 per cent. (in 2030) according to the Plan.

Pursuing fiscal consolidation while keeping public investment at historically high levels, including national defence spending, will be an important challenge over the entire period of the Plan. While the build-up of

defence capabilities is one of the EU's common priorities, the Plan provides an overview of selected reforms and investments to deliver on other common priorities of the EU regarding a fair green and digital transition, social and economic resilience and energy security. Those reforms and investments take into account the recommendations made by the Council of the EU to Poland in recent years.

The Plan's expenditure path was positively assessed by the European Commission on 26 November 2024. The Commission also considered the planned increase in defence investment as a relevant factor under the EDP.

Financing the State Budget Deficit

2024's Amended Budget Act had forecast that Poland's budget deficit would amount to PLN 240.3 billion, while total net borrowing requirements were expected to amount to PLN 308.6 billion, and gross borrowing requirements were projected to amount to PLN 527.9 billion. The actual performance was significantly lower than the forecast. The budget deficit amounted to PLN 210.9 billion, while total net borrowing requirements were at the level of PLN 180.4 billion and gross borrowing requirements amounted to PLN 394.5 billion. The total value of state budget revenues obtained from gross sales of Treasury securities (on the domestic and international markets), and from granted international loans in 2024, amounted to PLN 445.2 billion. These revenues were financed mainly by the issuance of Treasury securities in the domestic market (76 per cent.) and Treasury bonds in the international markets (14 per cent.). Additional funding (10 per cent.) was the result of loans from the European Union (RRF), the World Bank, the European Investment Bank, and the Council of Europe Development Bank.

In 2024's, financing in the domestic market was mainly obtained through the sale of Treasury bonds in auctions. Among all of the Treasury securities sold, medium-term bonds (five years) amounted to 45 per cent., long-term bonds (10 years and longer) amounted to 22 per cent., and issuances of short-term bonds (up to two years) amounted to 10 per cent. Treasury bonds sold through retail channels amounted to 23 per cent. Net financing in the domestic market in 2024 derived from the domestic banking and non-banking sectors as well as foreign investors that increased their holdings. Financing in the international markets consisted of an issue of Treasury bonds denominated in euros, dollars, and Japanese yen. As of 31 December 2024, debt denominated in EUR, USD, and JPY amounted to 17.4, 4.4 and 0.6 per cent., respectively, of total State Treasury debt. As of 31 December 2024, the State Treasury's debt had an average time to maturity of 6.07 years, with the share of foreign currency debt amounting to 23.1 per cent.

In the 2025 Budget Act, the budget deficit is projected to amount to PLN 288.8 billion, while total net and gross borrowing requirements are expected to amount to PLN 366.7 billion and PLN 553.0 billion, respectively. As in previous years, the process of funding complies with the State Treasury's main strategic objectives and provides flexibility in the choice of market, currency and instrument type. The largest portion of funding is expected to derive from the domestic Treasury bond market, with the structure depending on market conditions.

As of 5 March 2025, 51 per cent. of gross borrowing requirements for 2025 had already been financed.

Revenues

The principal source of the State's revenues is taxation. The main taxes in the Polish tax system are those on goods and services ("**VAT**"), corporate income tax ("**CIT**"), personal income tax ("**PIT**") and excise tax. Local taxes are also collected directly by the local authorities or tax offices acting on behalf of such authorities. Local taxes include agricultural tax, forest tax, real property tax and transport vehicles tax.

Value Added Tax

VAT levied on the supply of goods and services and other activities in Poland complies with the rules of Council Directive 2006/112/EC on the common system of value added tax. Currently the following VAT rates are applied:

- a) standard rate of 23 per cent.; and
- b) reduced rates of:
 - 8 per cent. (for example, on certain food items, medicines, newspapers - (excluding local and regional periodicals), e-newspapers, fertilisers plant protection products, feeding

stuffs for livestock, public transport of passengers, restaurant services, accommodation provided in hotels and similar establishments, new housing structures and housing construction services covered by the social housing programme);

- 5 per cent. (for example, on certain unprocessed agricultural products, bakery products, meat, fresh fruits and vegetables, dairy products, books, e-books, audiobooks and local and regional periodicals— printed and on other physical means of support); and
- zero per cent. (basically, for exports and intra-community supplies and selected services such as international transport).

However, as an anti-inflation measure, the VAT rate was temporarily reduced to 0 per cent. until 31 March 2024 for basic foodstuffs subject to a VAT rate of 5 per cent.

Corporate Income Tax

CIT is levied on the income of certain entities, mainly legal persons, at a standard rate of 19.0 per cent. Effective from 1 January 2019, a reduced tax rate of 9 per cent. is applicable for revenues (income) other than from capital gains, and concerns taxpayers complying with certain conditions. As from 1 January 2021, a reduced tax rate applies to taxpayers whose revenues in a given tax year do not exceed the amount of EUR 2 million if they have "small taxpayer" status (i.e. taxpayers with sales revenues not exceeding the equivalent of EUR 2 million in the previous tax year). Until 1 January 2021, the revenue threshold limit amounted to EUR 1.2 million. The requirement to have the status of a small taxpayer does not apply to taxpayers just beginning their economic activity (in the tax year of beginning the activity).

From 1 January 2018, the Corporate Income Tax Act ("**CIT Act**") singles out a new source of revenue, i.e. income from capital gains. Capital gains within the meaning of the CIT Act are income from, for example, dividends, reorganisation of companies, property rights like licenses, selling securities and other financial instruments. Other types of revenue consist of any other taxpayer income not included in the capital gains category. These two sources have to be settled separately, i.e. their revenues, costs and losses should not be mixed. Tax losses from a given source may be deducted in the next five consecutive tax years, but the amount of such reduction in any of those years may not exceed 50 per cent. of the amount of the loss. Taxpayers can also reduce income from the source of revenue by the amount of loss not exceeding PLN 5 million in one of the next five consecutive tax years.

From 1 January 2019, a so-called IP Box is available in Poland. It is a form of preferential taxation with a reduced 5 per cent. tax rate on income gained from the commercialisation of qualified intellectual property rights. It is available for taxpayers who are the owners, co-owners, users or persons who have the right to use intellectual property rights as long as they conduct R&D activity aimed at creating, developing or improving the qualified intellectual property right. The IP Box applies to taxpayers (companies) subject to both CIT and PIT.

From 1 January 2021, there is an alternative and optional category form of CIT – distributed profit tax. The new system links taxable income with the categories of balance sheet and changes the moment when the tax obligation arises. Taxation of profits is deferred until they are distributed, regardless of the form of that distribution. In order to be able to use the new form of taxation, taxpayers must meet the certain conditions specified in the CIT Act. Currently, the tax rate is 10 per cent. for small taxpayers and taxpayers starting a business activity and 20 per cent. for the remaining eligible taxpayers.

The tax on revenues derived from fixed assets (i.e. the minimum tax on buildings situated in Poland) is calculated as 0.035 per cent. of the taxpayer's tax base for each month. For the purpose of this provision, the tax base is the sum of revenue equal to the initial value of the fixed assets as at the first day of each month in the relevant period, reduced by the amount of PLN 10 million. The tax amount will be deducted from the general income tax advance.

The above revenues from buildings were temporarily exempt from tax from 1 March 2020 until 31 May 2022.

As of 1 January 2022, the regulations on minimum income tax were initially introduced. However, upon a postponement, the minimum tax is applicable from 1 January 2024. Minimum income tax is applicable to taxpayers declaring tax losses or negligible income (≤ 2 per cent. of revenue). The minimum income tax rate is 10 per cent.

Global Minimum Tax

Effective as of 1 January 2025, Poland has implemented the GloBE Rules in accordance with the Common Approach (as set out by the OECD/Inclusive Framework) through the Act of November 6, 2024, on the top-up taxation of constituent entities of multinational and domestic groups (Journal of Laws of 2024, item 1685). This act transposes the Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. Poland's GloBE legislation introduces the Income Inclusion Rule (IIR), the Undertaxed Profits Rule (UTPR), as well as the Domestic Minimum Top-up Tax (DMTT), applicable to either multinational enterprise groups or domestic groups meeting the relevant thresholds.

Personal Income Tax

The basic income tax rates applicable in Poland are 12 per cent. and 32 per cent. The 12 per cent. rate is applied if the tax base does not exceed PLN 120,000. The 32 per cent. rate is applied to the amount exceeding PLN 120,000. The tax is additionally reduced by a fixed tax reduction amount of PLN 3,600.

Self-employed taxpayers, in addition to taxing their income according to the above rules, have the right to have their business income taxed at a uniform rate of 19 per cent. In addition, taxpayers may tax, among other things, certain revenues as a lump sum with rates ranging from 3 per cent. to 17 per cent., depending on the type of business activity.

Income from selling securities, shares and derivatives or other financial instruments and from the redemption or other annihilation of units in capital funds is subject to 19 per cent. income tax, which is specified in a separate tax return sent no later than 30 April of the year following the relevant tax year. In addition certain revenues (incomes) with capital gains for instance interest of funds in bank, interest of bonds, dividends or other revenues (incomes) from the participation in the profits of legal persons, are taxed as a lump sum are subject to 19 per cent tax.

Withholding tax

Dividends and certain other revenues (income) from the participation in the profits of legal persons are subject to a 19 per cent. withholding tax, unless the relevant double taxation treaty provides otherwise.

Dividends and certain other revenues (income) from the participation in the profits of legal persons paid to parent entities subject to income tax in an EU/EEA Member State or in Switzerland may be also tax-exempt when certain conditions are met.

Interest, and royalties paid to foreign entities are subject to 20 per cent. withholding tax, unless the relevant double taxation treaty provides otherwise. Interest and royalties paid to some related entities which are subject to income tax in an EU/EEA Member State or in Switzerland may be also tax-exempt when certain conditions are met. In principle, in Poland relief at source system is applied, i.e. the exemptions can be applied at the payment date.

However, if a sum of dividends, interest or royalties paid to a given related non-resident entity exceeds PLN 2 million in total within a withholding agent's fiscal year, pay and refund mechanism shall be applied.

Consequently, a withholding agent is required to withhold the 19 or 20 per cent. tax from a relevant surplus over the aforesaid amount. Subsequently, a withholding agent or a taxpayer can request a tax refund. Tax is refunded within six months from the date of application. The mechanism remains suspended until the end of 2025 for dividend and interest payments which arise from publicly traded shares and securities, including treasury bonds.

Excise Tax

Polish law on excise duty complies with the general EU arrangements for excise duty and the specific regulations regarding the taxation of energy products, electricity, alcoholic beverages and tobacco products.

As a result, excise duty is imposed on energy products (e.g. gasoline, diesel fuel, kerosene, LPG, natural gas, fuel oil, coal and coke), electricity, alcoholic beverages (e.g. ethyl alcohol, intermediate products, beer, wine and fermented beverages other than wine and beer) and tobacco products (e.g. cigarettes, cigars and cigarillos and loose smoking tobacco).

Additionally, excise duty is also levied on certain other goods, such as passenger cars and raw tobacco, as well as liquid for electronic cigarettes and heated tobacco products.

The excise duty system provides for exemptions for certain groups of entities or certain goods (e.g. goods used in the context of diplomatic relations). A number of tax incentives targeted at low emission vehicles have been introduced. As of 1 January 2025, an increase in excise tax rates of 5 per cent. has been introduced for ethyl alcohol, beer, wine, fermented beverages and intermediate products. Additionally, as of 1 March 2025 tax rates for cigarettes, cigars and cigarillos and loose smoking tobacco, heated tobacco products, liquid for electronic cigarettes and raw tobacco will be raised.

Tax on Financial Institutions

Banks, insurance companies, credit unions and non-bank lending companies are subject to a tax on financial institutions, which came into force on 1 February 2016. Subject of a tax is the value of a taxpayer's assets, with certain exceptions or exclusions. The tax covers all bank assets over PLN 4 billion (EUR 0.9 billion), insurance groups' assets over PLN 2 billion (EUR 0.45 billion) and non-bank lending companies' assets over PLN 0.2 billion, which are in each case taxed at a rate of 0.0366 per cent. per month. For the purposes of this tax, the taxable asset base of banks is reduced, among others, by the value of their own funds and debt securities held by the Treasury, the value of bonds issued by the Bank Guarantee Fund purchased by the taxpayer, the value of credits or loans granted by the taxpayer to the Bank Guarantee Fund, state-guaranteed bonds, repo and reverse repo transactions the subject of which are government bonds. In addition the tax base of the assets of insurance companies is reduced, among others, by the value of the assets accumulated under contracts for the operation of the Employee Capital Plans (PPK), the value of bonds issued by the Bank Guarantee Fund purchased by the taxpayer, the value of credits or loans granted by the taxpayer to the Bank Guarantee Fund. This tax does not apply to state-owned banks, entities under recovery proceedings, in receivership or in liquidation, or banks which have filed for bankruptcy and whose activities have been suspended. The tax does not reduce the CIT tax base of financial institutions.

Retail Sales Tax

The retail sales tax has been levied since 1 January 2021. The subject of taxation is the income from retail sales of goods to natural persons in the territory of the Republic of Poland.

The tax is paid by retailers (natural persons, legal persons and organisational entities having no legal personality) in the framework of their retail business.

A tax obligation arises when a taxpayer achieves revenue above PLN 17 million in a given month, and applies to income above that amount derived from that moment until the end of the month.

The basis of assessment is the surplus of the retail sales revenue reached in a particular month, over the amount of PLN 17 million, excluding the amounts paid to consumers for returning goods. Revenue includes excise tax, but does not include VAT.

The progressive tax scale is from 0 to 1.4 per cent. of the tax base:

- income from PLN 0 – to PLN 17 million is not subject to tax;
- income of more than PLN 17 million to PLN 170 million is subject to 0.8 per cent. tax; and
- income above PLN 170 million is subject to 1.4 per cent. tax.

There are the following tax exemptions in place:

- sale of fuel and energy used by households for the purpose of social-domestic purposes; and
- sale of medicines, foodstuffs for particular nutritional uses and medical products reimbursed from public funds.

Payment of the tax is based on the principle of self-assessment. Taxpayers must submit declarations and pay the tax by the 25th day of the month following the month to which the tax obligation relates.

Exit Tax

From 1 January 2019, the so-called exit tax (tax on unrealised income) was applied to both the PIT and CIT. In principle, exit tax applies in the case of any change in tax residency, or any asset movement, from Poland to another country, provided that such actions result in the loss of the Polish right to tax any potential capital gains that would have been realised if the transfer had not taken place.

The exit tax rate amounts to 19 per cent. for both corporate persons and natural persons (in the latter case, if the tax value of an asset is determined). For natural persons, a 3 per cent. rate may be applicable if the tax value of an asset is not determined. In the case of natural persons, exit tax applies to those assets whose value exceeds PLN 4 million.

In some circumstances, a transfer of assets to another country will not be subject to an exit tax if the transfer does not last longer than 12 months.

In the case of natural persons, exit tax generally applies only to the transfer of assets related to their business. In the case of assets of natural persons which are unrelated to business activity, exit tax applies only to: all rights and obligations in a non-corporate company, shares in a company, shares and other securities, derivative financial instruments and participation titles in equity funds, provided that the individual has been domiciled in Poland for at least five years in total, within the 10 years preceding the day of change of the tax residency status.

Social Security System

The Act on Employee Capital Plans ("**PPK**") was adopted by the Parliament on 4 October 2018 and entered into force on 1 January 2019.

This act is the consequence of the so-called Capital Accumulation Programme announced in July 2016. The main objective of the PPK is to increase private, long-term savings and to enhance the stability of future pensioners through creating voluntary employee capital plans, with contributions paid by the employee and employer, with incentives from the State Treasury to encourage employees to join the system. Higher long-term savings should have a positive impact on investment in the Polish economy through ensuring more domestic capital, especially in a situation of a probable decrease in funds dedicated to Poland in future EU budgets.

Under the PPK, so-called employee capital plans have been established, based on automatic enrolment for all employees aged from 18 to 55 whose employee contracts are subject to regular pension contributions. Participation in the new scheme is voluntary, because employees have the right to opt out. Employees aged between 55 and 70 may also join the system when an application to join the programme is sent by them to the employer.

The PPK assumes an obligation for all employers to create capital plans within a company, managed by entitled financial institutions (investment funds managed by investment fund companies, pension funds managed by general pension societies or labour pension societies or insurance institutions offering insurance with investment-based insurance funds). Contributions need to be paid by both employers and employees. The basic contribution payable by an employer is 1.5 per cent. of the employee's monthly remuneration, with the possibility of voluntarily increasing this amount by an additional 2.5 per cent., whereas employees are obliged to pay 2 per cent. (resulting in a minimum contribution amounting to 3.5 per cent. and a maximum contribution amounting to 8 per cent.). To encourage employees to join the programme, incentives paid from the Labour Fund are envisaged as follows: PLN 250 – one-time welcome payment at the start of the programme (after three months of regular delivery of contributions to the programme); and PLN 240 – annual supplemental payment when a certain amount of savings is accumulated over the previous year (equal to six monthly contributions of 2 per cent. paid on minimum remuneration). As an incentive for persons with the lowest monthly income (120 per cent. of the minimum wage or less) to join the programme, the option to declare payment of lower employee contributions (the minimum rate is 0.5 per cent. of gross remuneration) was adopted, meaning that they will not lose the right to receive the annual supplemental payment.

Accumulated savings are managed by licensed financial institutions and invested in the financial market. When an employee exceeds 60 years of age, 25 per cent. of their savings might be withdrawn as a one-off transfer, and 75 per cent. might be paid in equal monthly instalments over a minimum period of 10 years.

Those payments are not subject to capital gains taxation. The Act on Employee Capital Plans indicates the possibilities of withdrawing funds accumulated in the programme. Withdrawals are conditional on reaching a specified retirement age, disability or death, otherwise economic penalties shall apply to withdrawals made before such specified events. In the case of premature withdrawals, income from participation in the programme is taxed at the ordinary personal income tax rate. In order to increase security of invested funds, a permitted investment policy has been specified. The financial institutions invest savings in investment funds that differentiate the level of risk according to the age of the participants – these are the so-called defined date funds.

The implementation of the programmes established under the PPK in Poland took place in four stages. The obligation to establish employee capital plans has gradually covered all companies, depending on the number of employees, starting from July 2019 with those companies employing more than 250 persons, and closing in January 2021 covering other employing entities and public finance sector units, regardless of the employment status.

Based on the data from the PPK register maintained by Polski Fundusz Rozwoju S.A., the total participation in programmes on 31 December 2024 was 50.46 per cent. and 3.69 million people took advantage of the opportunity to participate in programmes. The net asset value of defined date funds was PLN 30.24 billion. Seventeen financial institutions were responsible for managing programmes established under the PPK and the average management fee was 0.331 per cent.

Expenditures

A major component of state expenditure is social security payments. Four social security and pension funds are administered by the state and are partially or wholly financed by contributions from employers and employees. The revenues of these funds are not shown as revenues in the state budget. Two of these funds do, however, receive significant transfers from the state budget, and such transfers are shown as expenditure in the tables under "*General Government Balance – The 2025 Budget Act*". The Social Insurance Fund and the Pension and Disability Fund for Farmers are the largest extra-budgetary funds and rely on state budget transfers to supplement their own off-budget revenues.

PUBLIC DEBT

Overview

For reporting purposes relating to external and internal debt, Poland classifies as public debt only debt incurred directly by the State (i.e. State Treasury debt), by local governments and by entities within the public finance sector. It does not include debt incurred by state-owned financial institutions, other state-owned enterprises or the NBP.

The following table sets out total public sector debt as of the dates indicated:

	As at December 31				As at September 30, 2024*
	2020	2021	2022	2023	
			(PLN millions)		
Public finance debt.....	1,111,806	1,148,579	1,209,498	1,328,066	1,498,024
Central government debt.....	1,020,649	1,055,781	1,116,112	1,222,303	1,392,872
of which					
State Treasury debt.....	1,018,56	1,053,324	1,113,484	1,219,639	1,390,332
Local government debt.....	91,101	92,751	93,355	105,748	105,140
Social Security debt.....	56	47	31	15	13

Source: Ministry of Finance

State Treasury Debt

The Ministry of Finance classifies debt as internal or external according to two criteria: the place of issuance, and the place of residence of the targeted investors. On the basis of the first of these criteria, all instruments issued in the domestic market, regardless of the status of their holder (domestic or foreign), are classified as internal debt and, on the basis of the second, all other instruments are classified as external or internal according to the place of residence of the holder, regardless of the market in which the instruments are issued. For purposes of this section, where debt is classified as internal or external based on the "place of issue" criterion, internal and external debt will be referred to as domestic debt and international debt, respectively. In the section "Total External Debt" above, Poland's gross external debt is classified solely on the basis of the place of residence of the creditor.

In nominal terms, Poland's total State Treasury debt amounted to PLN 1,629,338 billion at the end of December 2024.

The following table sets out categories of the State Treasury's debt as of the dates indicated as aggregate amounts and as percentages of nominal GDP:

	As at December 31				2024
	2020	2021	2022	2023	
			(PLN millions except for percentages)		
Domestic State Treasury Debt.....	831,455	872,682	949,786	1,042,418	1,253,525
as a percentage of GDP.....	35.2%	32.8%	30.6%	30.6%	
International State Treasury Debt.....	266,025	265,352	288,685	303,783	375,812
as a percentage of GDP.....	11.3%	10.0%	9.3%	8.9%	
Total State Treasury Debt.....	1,097,480	1,138,034	1,238,470	1,346,201	1,629,338
as a percentage of GDP.....	46.4%	44.3%	39.9%	39.6%	
GDP	2,362,909	2,661,518	3,100,850	3,401,610	

Source: Ministry of Finance

Debt Management

Under Polish law, the Minister of Finance supervises the level of public debt. This supervision is twofold: direct (in the case of the State Treasury) and indirect (in the case of other entities in the public finance sector which are autonomous in contracting liabilities).

Polish regulations primarily seek to restrict the growth of public debt by establishing limits on the public debt-to-GDP ratio. The Polish Constitution prohibits the incurrence of liabilities resulting in public debt exceeding 60.0 per cent. of GDP, whereas the Public Finance Act sets thresholds of 55.0 and 60.0 per cent.

of GDP, violation of which is followed by certain requirements to prevent the constitutional limit from being breached.

Since joining the EU, Poland has been obliged to respect the reference values indicated in the Stability and Growth Pact, including with regard to the deficit (limited to 3.0 per cent. of GDP) and public debt (limited to 60.0 per cent. of GDP) limits.

The objective of the debt management strategy as stated in the Public Finance Sector Debt Management Strategy in the years 2024 to 2027 (approved by the Council of Ministers in September 2021 and updated in December 2023) is the minimisation of long-term debt servicing costs, subject to maintaining appropriate levels of refinancing risk, exchange rate risk, interest rate risk, state budget liquidity risk, other risks (in particular, credit and operational risk) and the distribution of debt servicing costs over time.

The debt management strategy's objective is pursued through two key strategies:

- selection of instruments to minimise costs within the time frame of the longest maturities of debt instruments with a significant share in debt volume, through the appropriate selection of markets, debt management instruments, the structure of financing borrowing requirements and issuance dates; and
- ensuring the efficiency of the Treasury securities market and contributing to lowering Treasury security yields; this strategy is focused on attempting to eliminate or limit potential unfavourable factors in market organisation and infrastructure.

Refinancing Risk

In an attempt to manage the refinancing risk, the dominant role of medium- and long-term instruments in financing the state budget borrowing requirements in the domestic market has been maintained, subject to market conditions. The debt management strategy aims to maintain the average maturity of the domestic State Treasury debt of around four and a half years and that of the total State Treasury debt at the level of at least five years, subject to possible temporary deviations resulting from market or budgetary circumstances.

Exchange Rate Risk

In an attempt to manage the exchange rate risk, the debt management strategy has been designed to maintain the share of foreign currency debt in State Treasury debt below 25 per cent., with possible temporary deviations resulting from market or budgetary circumstances; and to maintain an effective (after swaps) share of euro of at least 70 per cent. (the "**Strategy**"). Derivatives may also be used in order to shape the desired currency structure of debt.

Interest Rate Risk

In an attempt to manage interest rate risk, the debt management strategy has been designed to maintain the ATR of domestic debt at between 2.6 and 3.6 years, and to separate the management of the interest rate from management of the refinancing risks by using floating rate bonds, including those based on the new reference index, and possible use of derivatives and inflation-linked bonds. The strategy assumes maintaining the dominant share of fixed rate instruments in State Treasury debt denominated in foreign currencies.

State Budget Liquidity Risk

In an attempt to manage the state budget liquidity risk, the debt management strategy was designed to maintain a safe level of state budget liquid assets, while managing them effectively through deposits in PLN and foreign currencies and FX transactions (including sales and derivatives). The level of liquid assets will be the result of the current and predicted budgetary and market conditions, taking into account seasonality, as well as striving for the even distribution of Treasury securities supply during the course of a year.

Credit Risk and Operational Risk

In an attempt to manage credit and operational risks, the debt management strategy includes entering into derivatives transactions with entities of high creditworthiness, using instruments limiting credit risk, including collateral agreements, and allowing for its diversification when concluding transactions involving derivatives, as well as diversification of credit risk generated by uncollateralised transactions.

It is possible to conclude, in the timeframe of the Strategy, further collateral agreements that are in line with the current best practices in the market which enable concluding transactions without bearing credit risk on more favourable terms. The technical infrastructure allowing for running debt management processes from locations other than the Ministry of Finance's offices is assured.

Distribution of Debt Servicing Costs Over Time

The debt management strategy requires setting bond coupons at levels slightly below their forecast yields over the sales period, and distributing the debt servicing costs evenly throughout the years, including also through the use of derivative instruments.

INTERNAL STATE TREASURY DEBT

Poland's internal State Treasury debt amounted to PLN 1,253.5 billion at the end of December 2024.

Internal public debt comprises three categories:

- marketable Treasury securities with maturities of up to 30 years, including fixed and floating rate securities, offered on the domestic primary market through auctions at market prices to Treasury securities dealers;
- fixed and floating rate savings bonds sold through Customer Service Outlets to individuals at nominal value, which are not freely marketable and currently have maturities of up to 12 years; and
- other debt (mainly deposits of GG sector entities, court and prosecutors' offices deposits and debt of earmarked funds).

At the end of December 2024, marketable Treasury securities constituted approximately 82 per cent. of domestic State Treasury debt.

External State Treasury Debt

As of 31 December 2024, Poland's outstanding external State Treasury debt amounted to PLN 375.8 billion (EUR 88.0 billion). Approximately 56.9 per cent. of this debt was comprised of sovereign bonds issued abroad.

The following table sets forth details as to the outstanding principal amount of the State Treasury's external debt as at the dates indicated:

	As at 31 December				
	2020	2021	2022	2023	2024
	<i>(EUR millions)</i>				
<i>Medium- and Long-Term Loans</i>					
EIB	7,191	6,266	6,631	6,113	6,302
The World Bank	6,261	5,967	5,709	5,377	5,008
CEB	227	240	650	787	969
EU	1,000	8,236	11,236	15,740	24,700
Total Loans	14,679	20,709	24,226	28,018	36,978
<i>Bonds</i>					
Bonds	42,968	36,983	37,329	41,375	50,015
<i>Short-Term Debt</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>475</i>	<i>957</i>
Total State Treasury External Debt	57,647	57,692	61,555	69,867	87,950

Source: Ministry of Finance

The following table presents the currency composition of the State Treasury's external debt as at 31 December 2024:

	In millions of original currency	Equivalent in EUR millions	%
EUR	68,496	68,496	77.9
USD	17,850	17,132	19.5
Japanese yen	379,100	2,323	2.6
Total		87,950	100.0

Source: Ministry of Finance

Projected State Treasury External Debt Service Requirements

The following table presents debt service projections for the State Treasury's medium- and long-term external debt by type of creditor for the years indicated as at 31 December 2024. The data contained in the table does not assume any refinancing of existing debt:

	2025	2026	2027	2028	2029	2030 and beyond
	<i>(EUR millions)</i>					
Principal payments.....	6,816	7,395	5,025	4,944	5,325	57,490
Loans.....	0	0	0	0	0	0
Multilateral.....	1,316	909	867	1,593	1,269	6,325
Other.....	0	1,400	0	2,601	1,060	19,639
Bonds.....	5,500	5,086	4,157	750	2,996	31,526
Interest payments.....	2,299	2,240	2,156	1,991	1,952	21,377
Loans.....	0	0	0	0	0	0
Multilateral.....	278	246	226	204	181	962
Other.....	348	434	434	434	436	6,508
Bonds.....	1,673	1,560	1,495	1,352	1,335	13,907
Total debt service.....	9,115	9,635	7,181	6,934	7,277	78,866
Loans.....	0	0	0	0	0	0
Multilateral.....	1,594	1,155	1,094	1,797	1,450	7,287
Other.....	348	1,834	434	3,035	1,496	26,147
Bonds.....	7,173	6,646	5,653	2,102	4,331	45,432

Source: Ministry of Finance

State Treasury's Contingent Liabilities

The following table sets out the contingent liabilities that arise from sureties and guarantees owed by the State Treasury:

	2021	2022	2023	Q3 2024
	<i>(PLN thousands)</i>			
Domestic sureties and guarantees.....	243,753,292.1	270,925,733.6	274,218,946.1	258,675,718.7
Foreign guarantees.....	112,573,775.8	161,870,666.8	279,336,542.0	343,696,219.0
Total State Treasury's contingent liabilities.....	356,327,067.9	432,796,400.4	553,555,488.1	602,371,937.7

Source: Ministry of Finance

As at the end of 2023, contingent liabilities from state guarantees amounted to PLN 553,555 million. Of that amount, guarantees issued in the period of 2020-2023 in relation to COVID-19 countermeasures amounted to PLN 281,016 million, while guarantees of non-COVID-19 origin added up to PLN 272,539 million. In the third quarter of 2024, the above contingent liabilities amounted to PLN 602,372 million, of which COVID-19-related added up to PLN 313,470 million and other guarantees to PLN 288,902 million, respectively.

COVID-19-related guarantees include guarantees covering the repayment of bonds issued by BGK on behalf of the COVID-19 Response Fund and bonds issued by the Polish Development Fund to finance the government financial shield support programme for entrepreneurs. At the end of the third quarter of 2024, those guarantees accounted for PLN 253,840 million and PLN 59,630 million of contingent liabilities, respectively.

In 2022, due to the new geopolitical situation and energy crisis, along with the expanding inflation rate, new types of guarantees were introduced by special acts, causing some increase in contingent liabilities. New types of guarantees introduced in 2022 included guarantees covering the repayment of liabilities of the Armed Forces Support Fund ("AFSF", financing the Polish military modernisation), liabilities of the Aid Fund ("AF", support for refugees from Ukraine), both established in BGK, and energy crisis countermeasure guarantees, the latest having already expired, mostly during 2023.

At the end of the third quarter of 2024, of non-COVID-19-related guarantees, the largest contingent liabilities were connected with the AFSF-related guarantees – PLN 132,377 million, while for existing and new debt incurred for financing the National Road Fund ("NRF") – PLN 100,062 million. The next biggest exposure was related to guarantees covering the liabilities of AF – PLN 23,248 million and debt of PKP

Polskie Linie Kolejowe S.A. (the national railway infrastructure manager) – PLN 19,433 million. The last substantial amount of the contingent liabilities derived from existing guarantees for payments from the NRF to concessionaires incurred for motorway projects – PLN 9,381 million.

BGK services debt incurred on account of the above Funds with resources received by those Funds, mostly from the State Treasury. As of 31 December 2023, the amount of contingent liabilities due to such guarantees for BGK was PLN 432.6 billion (including interest), while at the end of the third quarter of 2024 it was PLN 509.7 billion.

The amount of state guarantees is expected to increase further in future years. Expected new contingent liabilities will result mainly from:

- further investment financed from the NRF with the use of EU funds, along with rolling over of the NRF's debt and further investment in infrastructure of the railway sector;
- further use of state guarantees for financing of the AFSF;
- possible use of state guarantees in financing tasks resulting from energy sector transformation; and
- further financing the COVID-19 Response Fund.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and should not be deemed to be tax advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which country's tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Simplified Base Prospectus and is subject to any change in law that may take effect after such date.

Republic of Poland

This section is based on Polish tax laws and their interpretation as at the date of this Simplified Base Prospectus. It may thus be subject to change including a change with retrospective effect. Any change may negatively affect the tax treatment 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 Notes are advised to consult their professional tax adviser regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of any Notes. 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 or performing a business activity(ies) in Poland by non-Polish tax residents).

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.

Non-Polish tax residents – individuals

Under Article 3(2a) of the Personal Income Tax Act (the "**PIT Act**"), natural persons who do not reside in Poland are subject to tax only on income (revenue) earned in Poland (limited tax obligation).

Pursuant to Article 3(2b) of the PIT Act, income (revenue) earned in the territory of the Republic of Poland by non-residents in particular means income (revenue) from:

- (i) work performed in the Republic of Poland based on a service relationship, employment relationship, outwork system and co-operative employment relationship, irrespective of the place where remuneration is paid;
- (ii) personal activity performed in person in the Republic of Poland, irrespective of the place where remuneration is paid;
- (iii) business activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;
- (iv) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from the disposal of any rights to such property;
- (v) securities and financial derivatives which are admitted to public trading on the territory of the Republic of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above;
- (vi) redemption, repurchase, buy-out and otherwise annihilation of participation titles in capital funds established on the basis of the provisions in force in the Republic of Poland and sale of these participation titles for a fee;
- (vii) 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;

- (viii) 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);
- (ix) the receivables settled, including receivables placed at disposal, paid out or deducted, by natural persons, legal persons, or organisational units without legal personality, having their place of residence, seat, or management board in the Republic of Poland, irrespective of the place of conclusion of the agreement and place of performance; the income (revenue) referred to in this point is considered to be the revenue listed in Article 29(1) of the PIT Act, if they do not constitute income (revenue) referred to in points (i)-(vii) above; Article 29(1) of the PIT Act lists, among others, interest income other than those mentioned in Article 30a.1 of the PIT Act (which, in turn, refers to interest and discount on securities and income from the issuer's redemption of bonds on which periodic benefits are due); and
- (x) unrealised gains as referred to in the exit tax regulations.

Since the Issuer is a Polish entity, income from the Notes is likely to be considered as earned in Poland. However, under Article 21(1)(130) of the PIT Act, interest on Notes offered on foreign markets and income from the disposal of such Notes for remuneration received by individuals who are not tax resident in the Republic of Poland are exempt from Polish personal income tax.

From 1 January 2024, besides interest (discount) and income from disposal of securities for remuneration, a new category of income has been introduced: income from the issuer's redemption of bonds on which periodic benefits are due (Article 17(1)(3a) of the PIT Act), however, the scope of the exemption for non-residents has not been amended.

The exemption under Article 21(1)(130) of the PIT Act does not cover income from redemption of the Notes by the issuer. This income is calculated as the difference between the amount obtained from the redemption of bonds together with the benefits obtained for the last period before the redemption of these bonds and the expenses incurred for acquiring or purchasing these bonds on the primary or secondary market by the taxpayer or the testator (excluding expenses on acquisition of benefits that are not taxable) (Article 24(24) of the PIT Act).

Under Article 30a(7) of the PIT Act, income from the issuer's redemption of bonds on which periodic benefits are due does not cumulate with general income subject to the progressive tax rate, but under Article 30a(1)(2a) of the PIT Act it is subject to tax at a flat rate of 19 per cent. The above provisions shall apply taking into account double taxation treaties to which the Republic of Poland is a party. However, the application of the tax rate resulting from the relevant double taxation treaty or failure to collect and pay tax in accordance with such a treaty is possible provided that the taxpayer's place of residence is documented for tax purposes with a residence certificate obtained from him/her (Article 30a(2) of the PIT Act).

Under Article 41(4) of the PIT Act, an interest payer, other than an individual not acting within the scope of his/her business activity, is obliged to collect flat-rate income tax on payments made (benefits) or on the money or money equivalents made available to the taxpayer, in relation to (among others) payments under Article 30a(1)(2a) of the PIT Act.

However, under Article 41(4d) of the PIT Act, the entities operating securities accounts for the individuals, acting as tax remitters, should withhold tax on this income if the income has been earned in the territory of Poland and is connected with registered securities, and the interest payment to the individual (the taxpayer) is made through those entities. These rules should also apply to the entities indicated in Article 3(2) of the CIT Act to the extent that they conduct business activity through a foreign establishment located within the territory of the Republic of Poland, if the account on which given securities are recorded is connected with the activity of that establishment. Consequently, a foreign entity that does not operate through a permanent establishment in Poland, e.g. a foreign investment firm not acting through a Polish permanent establishment, should not be obliged to withhold the tax. Under Article 45(3b) of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself in their annual tax return. Under Article 45(1), of the PIT Act, the annual tax return should be submitted by 30 April of the following year.

Under Article 41(10) of the PIT Act, for securities registered in omnibus accounts within the meaning of the provisions of the Act on Trading in Financial Instruments dated of 29 July 2005 (the "**Omnibus Account**"), tax remitters shall be the entities operating the Omnibus Accounts through which the amounts due are paid. The tax is collected on the day of placing the amounts due at the disposal of the Omnibus

Account holder. These rules should also apply to the entities indicated in Article 3(2) of the CIT Act to the extent that they conduct business activity through a foreign establishment located within the territory of the Republic of Poland, if the account on which given securities are recorded is connected with the activity of that establishment. Consequently, foreign entities that do not operate through a permanent establishment in Poland, e.g. foreign investment firms not acting through a Polish permanent establishment, should not be obliged to withhold the tax.

According to Article 41(4aa) of the PIT Act, when verifying the conditions for the application of a lower withholding tax rate or for an exemption (including under a tax treaty), or conditions for the non-collection of a withholding tax, arising from the provisions of tax law, a tax remitter shall be obliged to exercise due diligence. When assessing whether due diligence has been exercised, the nature, the scale of the tax remitter's activity and the relation (within the meaning of transfer pricing regulations), between the tax remitter and the taxpayer should be taken into account. Please see also the section "*Special provisions on withholding tax on large payments to non-Polish tax residents being related parties*" below. Prospective investors in the Notes are advised to seek their own professional advice in relation to the withholding tax in such case.

Under Article 45(3b) of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax themselves in their annual tax return. Under Article 45(1) of the PIT Act, the annual tax return should be submitted by 30 April of the following year.

Separate, specific rules apply to income from securities held on Omnibus Accounts with respect to interest (discount) and income from the issuer's redemption of bonds on which periodic benefits are due transferred to taxpayers holding rights attached to securities registered in Polish Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, dated 29 July 2005, a 19 per cent. flat rate tax is withheld by the tax remitter (under Article 41(10) of the PIT Act, the entity operating the Omnibus Account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder.

Under Article 45(3c) of the PIT Act, taxpayers are obliged to disclose the amount of interest (discount) on securities (including the Notes) in the annual tax return if the Notes were registered in an Omnibus Account and the taxpayer's identity was not revealed to the tax remitter.

If withholding tax is required by law, the Republic of Poland, acting as the issuer, should in principle pay the additional amounts that result in the Noteholders and the Coupon holders receiving such amounts they would have received had no such withholding been required, in line with Condition 12 (*Taxation*).

Non-Polish tax residents – corporate income taxpayers

Pursuant to Article 3(2) of the CIT Act, taxpayers who do not have their seat or management board within the territory of the Republic of Poland are required to pay tax exclusively on income earned within the territory of the Republic of Poland.

Under Article 3(3) of the CIT Act, income (revenue) earned in the territory of the Republic of Poland in particular means income (revenue) from:

- (i) all types of activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;
- (ii) 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;
- (iii) securities and financial derivatives which are admitted to public trading on the territory of the Republic of Poland on the regulated exchange market, including income (revenue) generated from the disposal of such securities, and the exercise of the rights arising from any of the above;
- (iv) 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;

- (v) 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 (within the meaning of the Polish tax regulations);
- (vi) the receivables settled, including receivables placed at disposal, paid out or deducted, by natural persons, legal persons, or organisational units without legal personality, having their place of residence, seat, or management board in the Republic of Poland, irrespective of the place of conclusion of the agreement and place of performance; and
- (vii) unrealised gains as referred to in the exit tax regulations.

Since the Issuer is a Polish entity, income from the Notes is likely to be considered as earned in Poland. However, under Article 17(1)(50) of the CIT Act, interest (discount) on Notes offered on foreign markets and income from the disposal of such notes for remuneration received by entities which do not have their seat and which do not have their management office in the Republic of Poland are exempt from Polish CIT.

Although no Polish withholding tax is expected on interest (discount) payable on the Notes offered on foreign markets to non-Polish tax residents and, in principle, Polish tax provisions do not specifically require any documentation to confirm the right of a non-resident corporate income taxpayer to apply the exemption referred to in Article 17(1)(50) of the CIT Act which would allow the tax remitter not to collect Polish withholding tax, it cannot be excluded that in practice some documentation may be requested or required to identify that taxpayer as a non-resident corporate income taxpayer which is a tax beneficiary of the payment as defined by the Polish tax regulations and to apply a tax exemption.

According to Article 26(1) of the CIT Act, when verifying the conditions for the application of a reduced withholding tax rate or for an exemption, or conditions for the non-collection of a withholding tax, arising from special provisions or double taxation treaty, a tax remitter is obliged to exercise due diligence. In the assessment whether due diligence has been exercised, the character, the scale of the tax remitter's activity and the relationship, within the meaning of Article 11a.1(5) of the CIT Act, between the tax remitter and the taxpayer should be taken into account. Please see also the section "*Special provisions on withholding tax on large payments to non-Polish tax residents being related parties*" below. Prospective investors in the Notes are advised to seek their own professional advice in relation to the withholding tax in such case.

Under Article 26(2c)(1) of the CIT Act, the entities operating securities accounts for taxpayers, acting as tax remitters, should withhold the tax on this interest income if such interest income (revenue) was earned in Poland and is connected with securities registered in said accounts, and the interest payment to the taxpayer is made through said entities. This rule should also apply to the entities indicated in Article 3(2) of the CIT Act to the extent that they conduct economic activity through a foreign establishment located within the territory of the Republic of Poland if the account on which the given securities are recorded is connected with the activity of that establishment.

Specific withholding tax consequences may relate to payments to Omnibus Accounts. Under Article 26(2a) of the CIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent. flat rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. Under Article 26(2b) of the CIT Act, the entity operating the Omnibus Account is the tax remitter. This rule should also apply to the entities indicated in Article 3.2 of the CIT Act (i.e. non-residents) to the extent that they conduct economic activity through a foreign establishment located within the territory of the Republic of Poland if the account on which given securities are recorded is connected with the activity of that establishment. Consequently, foreign entities that do not operate through a Polish permanent establishment, e.g. foreign investment firms, should not be obliged to withhold the tax.

If withholding tax is required by law, the Republic of Poland, acting as the issuer, should, in principle, pay such additional amounts as will result in the Noteholders and the Coupon holders receiving such amounts as they would have received had no such withholding been required, in line with Condition 12 (*Taxation*).

Polish tax residents – individuals

Under Article 3(1) of the PIT Act, natural persons residing in Poland are subject to tax on their total income (revenue) irrespective of the location of the sources of revenue (unlimited obligation to pay tax).

Under Article 3(1a) of the PIT Act, a Polish tax resident is a natural person who has his/her centre of personal or business interests in Poland or who stays in Poland for longer than 183 days in a year. This regulation may be affected by specific regulations of the applicable tax treaty, under which, as a rule, the criterion of the centre of vital interests prevails.

Interest income and income from the issuer's redemption of bonds on which periodic benefits are due

Under Article 30a(1)(2) and Article 30a(1)(2a) of the PIT Act interest income and income from the issuer's redemption of bonds on which periodic benefits are due is subject to a 19 per cent. flat rate tax. Under Article 21(1)(119) of the PIT Act, interest received on Notes is exempt from personal income tax in the part that corresponds to the interest paid on the acquisition of the Notes from the issuer.

Under Article 30a(7) of the PIT Act, interest income (discount) from securities and income from the issuer's redemption of bonds on which periodic benefits are due do not cumulate with general income subject to the progressive tax rate, but under Article 30a(1)(2) of the PIT Act it is subject to tax at a flat rate of 19 per cent.

Under Article 41(4) of the PIT Act, an interest payer or payer of income from the issuer's redemption of bonds on which periodic benefits are due, other than an individual not acting within the scope of his/her business activity, is obliged to collect flat-rate income tax on payments made (benefits) or on the money or money equivalents made available to the taxpayer. However, under Article 41(4d) of the PIT Act, the entities operating securities accounts for the individuals, acting as tax remitters, should withhold this interest income if it has been earned in the territory of Poland and is connected with registered securities, and the interest payment to the individual (the taxpayer) is made through those entities. These rules should also apply to the entities indicated in Article 3(2) of the CIT Act to the extent that they conduct business activity through a foreign establishment located within the territory of the Republic of Poland, if the account on which given securities are recorded is connected with the activity of that establishment. Consequently, a foreign entity that does not operate through a permanent establishment in Poland, e.g. a foreign investment firm not acting through a Polish permanent establishment, should not be obliged to withhold the tax. Under Article 41(10) of the PIT Act, so far as the tax remitters for securities registered in Omnibus Accounts are concerned, tax remitters shall be the entities operating the Omnibus Accounts through which the amounts due are paid. The tax is collected on the day of placing the amounts due at the disposal of the Omnibus Account holder. These rules should also apply to the entities indicated in Article 3(2) of the CIT Act to the extent that they conduct business activity through a foreign establishment located within the territory of the Republic of Poland, if the account on which given securities are recorded is connected with the activity of that establishment. Consequently, foreign entities that do not operate through a permanent establishment in Poland, e.g. foreign investment firms not acting through a Polish permanent establishment, should not be obliged to withhold the tax.

Under Article 45(3b) of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself in their annual tax return. Under Article 45(1) of the PIT Act, the annual tax return should be submitted by 30 April of the following year.

Separate, specific rules apply to interest income on securities held on Omnibus Accounts. Pursuant to Article 30a(2a) of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Polish Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, dated 29 July 2005, a 19.0 per cent. flat rate tax is withheld by the tax remitter (under Article 41(10) of the PIT Act, the entity operating the Omnibus Account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder.

Under Article 45(3c) of the PIT Act, taxpayers are obliged to disclose the amount of interest (discount) on securities (including the Notes) in the annual tax return if the Notes were registered in an Omnibus Account and the taxpayer's identity was not revealed to the tax remitter.

Income from disposing of Notes for remuneration

Under Article 30b(5) of the PIT Act, income from a disposal of securities, including the Notes, for remuneration does not accumulate with general income subject to the progressive tax rate or with income from business activity, but under Article 30b(1) of the PIT Act it is subject to a 19 per cent. flat rate tax. The income is calculated as the difference between the sum of revenues from a transfer of securities for consideration and tax deductible costs, calculated on the basis of the relevant provisions of the PIT Act (Article 30b(2) of the PIT Act). Based on Article 17(2) and Article 19(1) of the PIT Act, if the price expressed in the contract without a valid reason significantly deviates from the market value, the amount of income is determined by the tax authority or fiscal control authority in the amount of the market value. The amount of tax payable should be calculated on the total amount of income from disposing of securities for remuneration, i.e. including the Notes and other securities (if any), in the given tax year.

The taxpayer itself is obliged to settle the tax on the transfer of securities (including Notes) for consideration. Taxpayers should prepare their annual tax return by the end of April of the year following the tax year in which the income was earned.

In principle, if individuals hold Notes as a business asset, the income should be taxed in the same way as other business income. This will either be a tax at the 19 per cent. rate or the 12 per cent. to 32 per cent. progressive tax rate, depending upon the individual's choice and the meeting of certain conditions.

Polish tax residents – corporate tax payers

Under Article 3(1) of the CIT Act the entire income of taxpayers who have their registered office or management in Poland is subject to tax obligations in Poland, irrespective of where the income is earned.

According to Article 3(1a) of the CIT Act, a taxpayer has a management board within the territory of the Republic of Poland, amongst other things, when the taxpayer's day-to-day affairs are conducted in Poland in an organised and continuous manner on the basis of, in particular:

- (a) a contract, decision, court order, or other document governing the establishment or operation of that taxpayer; or
- (b) powers of attorney granted; or
- (c) relationships within the meaning of Article 11a.1(5) of the CIT Act.

Income (revenue) from the Notes, both on account of interest/discount and other income, including transfer of securities for consideration, earned by a Polish tax resident corporate income taxpayer, is subject to income tax following the same general principles as those which apply to any other income received from business activity within the same source of revenue. As a rule, for Polish income tax purposes, interest is recognised as revenue on a cash basis, i.e. when it is received and not when it has accrued. Income from a transfer of securities for consideration is in principle their value expressed in the price specified in the contract. If the price expressed in the contract, without a valid reason, significantly deviates from the market value, the revenue amount is determined by the tax authority in the amount of the market value (Article 14 of the CIT Act). Regarding capital gains, the cost of acquiring securities is recognised at the time the revenue from the disposal of the securities for remuneration is obtained. The taxpayer itself (without the involvement of the tax remitter) settles the tax on interest (discount) or capital gains on securities, which is aggregated with other income derived from business operations conducted by the taxpayer.

The appropriate tax rate is the same as the tax rate applicable to business activity, i.e. 19 per cent. or 9 per cent. for small taxpayers, taking into consideration the appropriate source of income (the lower rate does not apply to incomes classified as capital incomes - Article 7b of the CIT Act).

Although Polish corporate income taxpayers should not be subject to Polish withholding tax, such tax may be withheld under specific rules applying to interest income on securities held in Omnibus Accounts. Under Article 26(2a) of the CIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 20 per cent. flat rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. Under Article 26(2b) of the CIT Act, the entity operating the Omnibus Account is the tax remitter. If such tax is withheld for a Polish corporate income taxpayer, to

receive a refund of such tax the taxpayer should contact its tax adviser. This rule should also apply to the entities indicated in Article 3.2 of the CIT Act (i.e. non-residents) to the extent that they conduct economic activity through a foreign establishment located within the territory of the Republic of Poland if the account on which given securities are recorded is connected with the activity of that establishment. Consequently, foreign entities that do not operate through their permanent establishments in Poland, e.g. foreign investment firms, should not be obliged to withhold the tax.

Pursuant to Article 26(2ca) of the CIT Act, in the circumstances referred to in Article 26(2c), entities making payments due through securities accounts or omnibus accounts are required to notify the entities maintaining such accounts that there is a relationship between them and the taxpayer, within the meaning of Article 11a(1)(5) and that the amount referred to in Section 2e will be exceeded, at least seven days before making the payment. Entities providing such information are required to update it before making the actual payment if circumstances that the information concerns change. In addition, in accordance with Article 26(2ed) of the CIT Act, in the circumstances referred to in Section 2c, the excess amount and the existence of the relationships referred to in Section 2e will be determined by the entity keeping securities accounts or omnibus accounts. The entity keeping securities accounts or omnibus accounts does not take into consideration the amounts of payments on which tax was collected in accordance with Article 26(2a).

Under Article 7 of the CIT regulations, income is determined separately for each relevant source of revenue, i.e. revenues from capital gains are separated from revenues from other sources. Correspondingly, the tax losses are determined separately for each of these sources of revenue, whereby a tax loss from one source of revenue may not be deducted against the income from the other source of revenue. Within the same source of revenue, losses can be deducted for five tax years, in an amount not exceeding 50 per cent. of the loss in any of those years. In principle, the income (revenue) from the Notes, including their transfer for consideration, is combined with revenues from capital gains (Article 7b(1) of the CIT Act). In the case of insurers, banks and some other entities (financial institutions), the income (revenue) from the Notes, including their transfer for consideration, is included in revenues other than revenues from capital gains (Article 7b(2) of the CIT Act).

Special exemption for notes meeting special conditions

Under Article 17(1)(50c) of the CIT Act, tax-free income is income earned by a CIT taxpayer subject to limited tax liability in Poland in respect of interest or a discount on notes:

- (a) having a maturity of at least one year;
- (b) admitted to trading on a regulated market or introduced into an alternative trading system within the meaning of the Act of 29 July 2005 on Trading in Financial Instruments, in the territory of Poland or in the territory of a state that is a party to a double tax convention concluded with Poland which regulates the taxation of income from dividends, interest and royalties;

unless the taxpayer is an affiliate, within the meaning of the transfer pricing law, of the issuer of such notes, and holds, directly or indirectly, together with other affiliates within the meaning of those regulations, more than 10 per cent. of the nominal value of those notes.

Under Article 26(1aa) of the CIT Act, remitters are not obliged to withhold tax on interest or discount in respect of the notes meeting the above requirements.

Similar regulations apply under Article 21(1)(130c) and 41(24) of the PIT Act, except that under PIT regulations the exemption does not cover income from the issuer's redemption of bonds on which periodic benefits are due. Also, tax remitters are obliged to withhold tax on payments of income from the issuer's redemption of bonds on which periodic benefits are due and tax remitters other than the issuer are also obliged to withhold tax on interest (discount) income remitted to Polish individuals.

Foreign entities that do not operate through a permanent establishment in Poland, e.g. foreign investment firms not acting through a Polish permanent establishment, do not have tax remitter's status and, therefore, should not be obliged to withhold the tax.

Special provisions on withholding tax on large payments to non-Polish tax residents being related entities

Corporate income tax

Under Article 26(2e) of the CIT Act, if the total amount of payments made to a related entity on the bases specified in Article 21(1)(1) (including interest/discount on notes) and Article 22(1) of the CIT Act exceeds PLN 2,000,000 in total in the payer's tax year for the same taxpayer, legal persons, unincorporated organisational units and individual business owners are obliged as payers to withhold, subject to Article 26(2g) of the CIT Act on the day of payment, a flat-rate income tax on those payments based on the tax rate set out in Article 21(1)(1) of the CIT Act 20 per cent. in the case of interest/discount on notes) or Article 22.1 on any amount exceeding the PLN 2,000,000 threshold, without being able not to withhold that tax on the basis of an appropriate double tax treaty, and also without taking into account exemptions or rates resulting from special regulations or double tax treaties (hereinafter the "**Obligation to Withhold Tax**"). For the purposes of this provision, related entities are understood to be entities within the meaning of Article 11a(1)(4) of the CIT Act (Article 26(2ea) of the CIT Act).

The Obligation to Withhold Tax does not apply to entities that are taxpayers referred to in Article 3(1) of the CIT Act, i.e. Polish tax residents (Article 26(2eb) of the CIT Act).

However, if a payment has been made which, without a justified economic reason, is not classified as a receivable listed in Article 21(1)(1) or Article 22(1) of the CIT Act, Article 26(2e) of the CIT Act applies accordingly (Article 26(2ec) of the CIT Act).

In addition, in accordance with Article 26(2ed) of the CIT Act, in the circumstances referred to in Article 26.2c of the CIT Act, the excess amount and the existence of the relationships referred to in Article 26(2e) of the CIT Act will be determined by the entity keeping securities accounts or omnibus accounts. The entity keeping securities accounts or omnibus accounts does not take into consideration the amounts of payments on which tax was collected in accordance with Article 26(2a) of the CIT Act.

Under Article 26(2i) and 26(2j) of the CIT Act, if the payer's tax year is longer or shorter than 12 months, the amount to which the Obligation to Withhold Tax applies is calculated by multiplying 1/12 of PLN 2,000,000 and the number of months that have begun in the tax year in which the payment was made; if the calculation of that amount is not possible by reference to the payer's tax year, the Obligation to Withhold Tax shall apply accordingly to the payer's current financial year and, in its absence, with respect to the payer's other period with features specific to the financial year, no longer however than 23 consecutive months.

Under Article 26(2k) of the CIT Act, if the payment was made in a foreign currency, to determine whether the amount to which the Obligation to Withhold Tax applies was exceeded, the amounts paid are converted into PLN at the average exchange rate published by the National Bank of Poland on the last business day preceding the payment day.

Under Article 26(2l) of the CIT Act, if it is not possible to determine the amount paid to the same taxpayer, it is presumed that it exceeded the amount from which the Obligation to Withhold Tax applies.

Pursuant to Article 41(4da) of the PIT Act, in the circumstances referred to in Articles 41(4d) and 10 of the PIT Act (i.e. when obligation to withhold tax is on entities other than the issuer), entities making payments due through securities accounts or omnibus accounts are required to notify the entities maintaining such accounts that there is a relationship between them and the taxpayer, within the meaning of Article 23m(1)(5) of the PIT Act and that the amount referred to in section 12 will be exceeded, at least seven days before making the payment. Entities providing such information are required to update it before making the actual payment if circumstances that the information concerns change. In addition, in accordance with Article 41(12d) of the PIT Act, in the circumstances referred to in sections 4d and 10, the excess amount and the existence of the relationships referred to in section 12 will be determined by the entity keeping securities accounts or omnibus accounts. The entity keeping securities accounts or omnibus accounts does not take into consideration the amounts of payments on which tax was collected in accordance with Article 30a(2a) of the PIT Act.

Pursuant to Article 26(2ca) of the CIT Act, in the circumstances referred to in Article 26(2c) of the CIT Act, entities making payments due through securities accounts or omnibus accounts are required to notify the entities maintaining such accounts that there is a relationship between them and the taxpayer, within the

meaning of Article 11a(1)(5) of the CIT Act and that the amount referred to in Section 2e will be exceeded, at least seven days before making the payment. Entities providing such information are required to update it before making the actual payment if circumstances that the information concerns change. In addition, in accordance with Article 26(2ed) of the CIT Act, in the circumstances referred to in Section 2c, the excess amount and the existence of the relations referred to in Section 2e will be determined by the entity keeping securities accounts or omnibus accounts. The entity keeping securities accounts or omnibus accounts does not take into consideration the amounts of payments on which tax was collected in accordance with Article 26(2a) of the CIT Act.

Under Article 26(7a) of the CIT Act, the obligation to withhold tax does not apply if the payer has declared that:

- (a) it holds the documents required by the tax law for the application of the tax rate or tax exemption or non-taxation under special regulations or double tax treaties; and
- (b) after the verification of the conditions to apply an exemption or reduced withholding tax rate resulting from special regulations or double tax treaties, it is not aware of any grounds for the assumption that there are circumstances that exclude the possibility of applying the tax rate or tax exemption or non-taxation under special regulations or double tax treaties.

The existence of circumstances preventing the fulfilment of certain conditions referred to in other provisions, including the fact that the interest/discount recipient is their beneficial owner may be subject to verification.

In this context "**beneficial owner**" means an entity that:

- (a) receives an amount due for its own benefit, freely decides on the designation thereof and bears the economic risk associated with the loss of such amount due or part thereof;
- (b) is not an intermediary, representative, trustee or other entity obliged to transfer the amount due, or any part thereof, to another entity; and
- (c) conducts genuine economic activity in the country of its registered office, which is examined with reference to the nature and scale of activities carried out by this entity in terms of the received receivables are taken into account.

The above is to be declared by the head of the unit within the meaning of the Accounting Act (e.g. the issuer's management board) and, if the entity is managed by a multi-person authority, by the person being a member of such authority. The declaration cannot be made by proxy. The declaration is to be made by in electronic form not later than the payment day (Article 26(7b) and 26(7c) of the CIT Act).

The declaration may be made by the deadline relevant for payment of the tax for the month in which the amount referred to in Article 26.2e of the CIT Act was exceeded (Article 26.7c of the CIT Act).

In the case of withholding tax as a result of the Obligation to Withhold Tax, if double tax treaties or special regulations provide for a tax exemption or reduced tax rate, the taxpayer or tax remitter (if the taxpayer has paid tax with its own funds and has borne the economic burden of such tax, e.g. as a result of a gross-up clause) may apply for a refund of that tax by submitting the relevant documents and declarations. The tax authorities must pay the refund within six months if they consider it justified.

This restriction also does not apply where a binding opinion on the application of a preference is applicable. In accordance with Article 26(2g) of the CIT Act, if the total amount of receivables for items listed in Article 21(1)(1) and Article 22(1) of the CIT Act paid to a taxpayer in the remitter's tax year exceeds the amount referred to in Article 26(2e) of the CIT Act, legal persons, organisational units without legal personality and natural persons who are entrepreneurs can elect not to collect the tax based on an appropriate double taxation treaty, but instead may apply the rate resulting from such treaty or the exemption referred to in Article 21(3) or Article 22(4) of the CIT Act based on the applicable opinion on the application of a preference.

Pursuant to Article 26b(1) of the CIT Act, an opinion on the remitter's application of the exemption from the collection of a flat-rate income tax on the receivables paid to such taxpayer, as referred to in Article 22(1) of the CIT Act, and/or the application of a tax rate resulting from an applicable double taxation treaty

or failure to collect tax under such treaty (an opinion on the application of a preference) is issued by a tax authority at the request of: (i) the taxpayer; (ii) the remitter; or (iii) the person paying the receivables through entities operating securities accounts or collective accounts – if the request demonstrates compliance with the conditions set out in Article 22(4-6) of the CIT Act or the conditions for the application of a double taxation treaty.

The request for an opinion on the application of preferences is made electronically. The tax authority responsible for issuing opinions on the application of preferences is the head of the tax office having jurisdiction over the taxpayer's registered office and, in the case of taxpayers who are subject to a limited tax obligation in the territory of the Republic of Poland and taxpayers having rights from securities registered in collective accounts, whose identity has not been disclosed to the remitter in accordance with the procedure provided for in the Act on Trading in Financial Instruments, it is the head of a tax office competent in matters of foreign taxation.

In accordance with Article 26b(3) of the CIT Act, an opinion on the application of a preference may be refused in the case of:

- (a) a taxpayer's failure to comply with the conditions set out in Article 22 of the CIT Act or the conditions for the application of a double taxation treaty;
- (b) the existence of justified concerns as to compliance with the actual state of affairs of the documentation attached to the request or the taxpayer's statement that the taxpayer is the actual owner of the receivables;
- (c) the existence of a reasonable presumption that a decision has been issued pursuant to Article 119a of the Tax Ordinance (the so-called anti-tax avoidance clause), with the use of measures restricting contractual advantages or pursuant to Article 22c of the CIT Act; and
- (d) the existence of a reasonable presumption that a taxpayer subject to a limited tax obligation in the territory of the Republic of Poland does not carry out actual economic activity in the taxpayer's country of residence for tax purposes.

A refusal to give an opinion on the application of a preference can be appealed to an administrative court (Article 26b(4) of the CIT Act).

An opinion on the application of a preference is given without undue delay, no later than six months after the date of receipt of the request by the tax authority (Article 26b(5) of the CIT Act).

An opinion on the application of a preference will, as a general rule, expire 36 months after the date of its issue, unless there is a prior substantial change in the factual circumstances that may affect the fulfilment of the conditions for applying the exemption in question. In such case, the provisions of the CIT Act indicate specific expiration dates for the preference opinion.

Personal income tax

Analogous provisions apply to personal income tax, including Article 41(12) of the PIT Act, which provides for an analogous tax withholding obligation.

Solidarity levy on income from disposal of notes for consideration generated by natural persons subject to either unlimited or limited tax liability in Poland (i.e. notwithstanding their tax residence)

According to Article 30h of the PIT Act, natural persons are required to pay a solidarity levy at the rate of 4 per cent. of the base amount for its calculation. The base amount for calculation of the solidarity levy is the amount in excess of PLN 1,000,000 of the sum of incomes subject to taxation pursuant to Article 27 (1)(9) and (9a), Article 30b (i.e. in particular the income from a disposal of notes for consideration), Article 30c and Article 30f of the PIT Act, decreased by the premiums referred to in Article 26(1)(2) and (2a) of the PIT Act and the amounts referred to in Article 30f, Section 5 of the PIT Act, deducted from such incomes.

In calculating the base amount of the solidarity levy for a given calendar year, one should include the incomes and the incomes deductions as described above, as reported in:

- the annual tax calculation referred to in Article 34, Section 7 of the PIT Act (the annual tax calculation prepared and sent by social allowance authorities to the taxpayers receiving income, in particular, from age and disability allowance) if such a reconciliation shows a payable tax; and
- the tax returns referred to in Article 45(1)(1a)(1) and (2) and (1aa) of the PIT Act for which the filing deadline falls within the period starting on the day following the lapse of the time period for filing of the solidarity levy amount statement in the year preceding that calendar year, to the last day for submission of the solidarity levy amount statement.

Natural persons are required to file the solidarity levy amount statements on the official forms provided by 30 April of the calendar year and pay the levy by the same day.

In principle, if individuals hold Notes as a business asset, income from disposing of Notes for remuneration should be taxed in the same way as other business incomes which are also subject to a 4 per cent. Solidarity levy.

Tax remitter's liability

Under Article 30(1) of the Tax Ordinance, a tax remitter that has not performed its obligation to calculate and withhold tax from a taxpayer, or to transfer the appropriate amount of tax to the relevant tax office, is liable for tax not withheld, or tax withheld but not transferred to the relevant tax office. The remitter is liable for those obligations up to the value of all of its assets. Under Article 30(5) of the Tax Ordinance, the provisions on the tax remitter's liability do not apply if separate provisions provide otherwise, or if the tax has not been withheld due to the taxpayer's fault (save for particular cases set out in of Article 30(5a) of the Tax Ordinance). According to Article 30(5c) of the Tax Ordinance, the issuer is liable for the tax that has not been withheld if the statement made for the purposes of the special exemption is factually incorrect. This applies both in cases when the issuer acts as the tax remitter with respect to interest on Notes or not, especially it is withheld by the entity which holds securities accounts or Omnibus Accounts.

Civil law transactions tax

Under Article 9(7) of the Civil Law Transactions Tax Act dated 9 September 2000, a sale of Treasury bonds and bills is exempt from civil law transactions tax; therefore, no Polish civil law transactions tax should apply to a sale of the Notes. Furthermore, issuance of the Notes is outside the scope of closed list of transactions being subject to Civil Law Transactions Tax.

Stamp duty

No Polish stamp duty should apply to transfers of the Notes.

General Anti Abuse Regulations

On 15 July 2016, General Anti Abuse Regulations were introduced into the Polish legal system. In accordance with Article 119a § 1 of the Tax Ordinance dated 29 August 1997 (the "**Tax Ordinance**"), amended as at 1 January 2019, an act will not result in deriving a tax benefit if deriving the tax benefit being at variance, in given circumstances, with the object of goal of a tax Act or provision thereof, was the main or one of the main objectives of performing it, and the mode of action was artificial (taxation avoidance). In the situation listed in § 1, the tax consequences of a given action are determined based on the circumstances which would occur if the proper action was performed (Article 119a § 2 of the Tax Ordinance). A proper action includes an action which an entity could perform in given circumstances if such entity acted reasonably and for lawful purposes other than achieving a tax benefit contrary to the subject and purpose of a tax law or tax provision and the manner of acting would not be artificial. Proper action could be also failure to act (Article 119a § 3 of the Tax Ordinance).

If, in the course of proceedings, the party indicates an appropriate action, the tax consequences will be determined based on the circumstances that would occur if such action were performed (Article 119a § 4 of the Tax Ordinance). According to Article 119a § 5 of the Tax Ordinance, the provisions of § 2-4 do not apply if the circumstances indicate that the achievement of such tax benefit would be the only purpose of

performing the action referred to in § 1. In such case, the tax consequences are determined based on the circumstances which would occur if such action was not performed.

According to new tax regulations which came into force on 1 January 2019, a sample list of considerations used for determination, whether an arrangement is artificial has been extended. The following considerations should be taken into account:

- (a) an unjustified division of operations;
- (b) the use of intermediaries despite a lack of economic or commercial grounds for their presence;
- (c) the state of affairs following the arrangements is identical or similar to the state existing before the activity was undertaken;
- (d) the state of affairs cancel out or compensate each other;
- (e) commercial risk exceeding expected other than tax benefits to such extent that a reasonable party would not choose acting in such manner;
- (f) obtained tax benefit is not reflected in commercial risk or cash flows incurred by a party;
- (g) profit before taxation, which is slight in comparison to a tax benefit, which does not result directly from actually borne economic loss; and
- (h) arrangement of an entity, which does not conduct actual business activity or does not have material economic function, or has its seat or residency in harmful tax competition states.

European Union Directives on Administrative Cooperation in the Field of Taxation and the Taxation of Savings Income

The European Union has adopted Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, on administrative cooperation in the field of taxation and repealing Council Directive 2003/48/EC, regarding the taxation of savings income. From 1 July 2005, Member States have been required to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a person to an individual resident in another Member State. A number of non-EU countries and territories (referred to in that Directive) have adopted equivalent measures from the same date.

Notwithstanding the repeal of Council Directive 2003/48/EC (as amended by Directive 2014/107/EU), equivalent measures continue to apply in Poland pursuant to the Act of 9 March 2017 on the exchange of tax information with other countries.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each other than Estonia, a "**Participating Member State**"). However, Estonia has ceased to participate.

The Commission's proposal is very broad and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument involved is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between the Participating Member States. It may, therefore, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may also decide to participate.

On 7 December 2015, 10 Member States issued a short statement presenting the main assumptions of the FTT, which are mostly consistent with proposal of 14 February 2013. The ten Member States expressed a will to continue work on the implementation of the FTT.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Republic to any one or more of Banco Santander, S.A., Barclays Bank Ireland PLC, BNP PARIBAS, Citigroup Global Markets Europe AG, Commerzbank Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, Erste Group Bank AG, Goldman Sachs Bank Europe SE, HSBC Continental Europe, ING Bank N.V., J.P. Morgan SE, Société Générale, UBS Europe SE and any other Dealer appointed from time to time by the Republic either generally in respect of the Programme or in relation to a particular Tranche of Notes (together the "**Dealers**").

The arrangements under which Notes may from time to time be agreed to be sold by the Republic to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated 20 March 2025 (as amended, restated, supplemented and/or replaced from time to time, the "**Dealer Agreement**") and made between the Republic and the Dealers.

If, in the case of any Tranche of Notes, the method of distribution is an agreement between the Republic and a single Dealer for that Tranche to be issued by the Republic and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If, in the case of any Tranche of Notes, the method of distribution is an agreement between the Republic and more than one Dealer for that Tranche to be issued by the Republic and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, amongst other things, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Republic in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. Each new Dealer so appointed will be required to represent, warrant and undertake to the following selling restrictions as part of its appointment.

The relevant Dealers will be entitled in certain circumstances to be released and discharged from their obligations in respect of a proposed issue of Notes under or pursuant to the Dealer Agreement prior to the closing of the issue of such Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on or before the issue date of such Notes. In this situation, the issuance of such Notes may not be completed. Investors will have no rights against the Republic or the relevant Dealers in respect of any expense incurred or loss suffered in these circumstances.

United States of America: *Regulation S Category 1; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Dealer has agreed that it will not offer or sell any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither it nor any of its affiliates, as defined in Rule 405 under the Securities Act (including any person acting on behalf of such Dealer or any of its affiliates) has engaged or will engage in any directed selling efforts in the United States with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. In addition to the U.S. selling restrictions set forth above:

- (a) where the TEFRA D Rules are specified in the relevant Final Terms as being applicable, each Dealer has represented and agreed that:
 - (i) except to the extent permitted under the TEFRA D Rules (1) it has not offered or sold, and during the restricted period will not offer or sell, any Notes to a person who is within the United States or its possessions or to a United States person and (2) it has not delivered and will not deliver in definitive form within the United States or its possessions any Notes sold during the restricted period;
 - (ii) 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 Notes are aware that the Notes 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 TEFRA D Rules; and
 - (iii) if it is a United States person, it is acquiring the Notes for the purposes of resale in connection with their original issuance and, if it retains Notes for its own account, it will only do so in accordance with the requirements of United States Treasury Regulation §1.163-5(c)(2)(i)(D)(6),

and, with respect to each affiliate of such Dealer that acquires Notes from such Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer will obtain from such affiliate the representations, warranties and undertakings contained in paragraphs (i)-(iii) above; and

- (b) where the TEFRA C Rules are specified in the relevant Final Terms as being applicable, the Notes must, in accordance with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Dealer has represented and agreed that, in connection with the original issuance of the Notes:
 - (i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions; and
 - (ii) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of Notes.

Terms used in the above paragraphs have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each issuance of index-, commodity- or currency-linked Notes may be subject to additional U.S. selling restrictions and each relevant Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- (a) ***No deposit-taking***: in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

- (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Republic;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Republic; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Republic of Poland

Each Dealer has agreed that it has offered or sold and will offer and sell any Notes to residents in the Republic of Poland as part of their initial or secondary distribution only in accordance with the applicable Polish laws and regulations as amended or supplemented from time to time. Polish residents (natural and legal person and organisational units without legal personality) may purchase the Notes as part of the initial or secondary distribution.

Republic of France

Each Dealer has represented and agreed that it has only offered or sold and will only offer or sell, directly or indirectly, Notes in France to qualified investors (*investisseurs qualifiés*) as defined in Article L.411-2 1° of the French *Code monétaire et financier* and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors this Simplified Base Prospectus, the Final Terms or any other offering material relating to the Notes.

Republic of Italy

This Simplified Base Prospectus has not been submitted to the *Commissione Nazionale per le Società e la Borsa*, the Italian Securities Exchange Commission ("**CONSOB**"), for clearance and will not be subject to formal review or clearance by CONSOB. Each Dealer has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Simplified Base Prospectus or any other document relating to the Notes in the Republic of Italy will be made in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

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

- (i) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r), of the Legislative Decree of 24 February 1998. No. 58, as amended (the "**Consolidated Financial Act**"), to the extent duly authorised to engage in the placement and/or underwriting and/or purchase of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Act, the CONSOB Regulation No. 20307 of 15 February 2018, as amended, Legislative Decree No. 385 of 1 September 1993, as amended, and any other applicable laws and regulations; and
- (ii) in compliance with any other applicable requirements or limitations which may be imposed by CONSOB, the Bank of Italy or any other Italian regulatory authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident of Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws, regulations and ministerial guidelines of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

Each Dealer has acknowledged that this Simplified Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Simplified Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

General

Each Dealer has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Simplified Base Prospectus or any other offering material.

Other persons into whose hands this Simplified Base Prospectus or any Final Terms comes are required to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Simplified Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers will not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions are, as a result of a change in official interpretation after the date hereof of applicable laws and regulations, no longer be applicable, but without prejudice to the obligations of the Dealers described in the above paragraph.

Selling restrictions may be supplemented or modified with the agreement of the Republic. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this Simplified Base Prospectus.

In the ordinary course of their business activities, the Dealers and their affiliates have made or hold, or may make or hold, a broad array of investments, 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, and perform services and engage in investment banking and/or commercial banking transactions. Such investments and securities activities, transactions and services may involve securities and/or instruments of the Republic. Certain of the Dealers or their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Republic and investor clients in order to hedge their credit exposure to the Republic, general market risk or other trading activities consistent with their customary risk management policies. Typically, but not exclusively, 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 the securities of the Republic, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations

and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GENERAL INFORMATION

Listing

Application has been made to list Notes issued under the Programme on the official list Luxembourg Stock Exchange and admitted to trading on its regulated market. The Notes may be subject to secondary trading and listing on the regulated market in Poland.

However, Notes may be issued pursuant to the Programme which will not be listed on either the Luxembourg Stock Exchange or any other stock exchange or at the regulated market in Poland or which will be listed on such stock exchange or regulated market as the Republic and the relevant Dealer(s) may agree.

Authorisations

The Notes will be issued and performed pursuant to: (1) Order of the Minister of Finance on the conditions of issuing treasury bonds to be offered on foreign markets dated 15 December 2010; (2) the 2025 Budget Act; and (3) the relevant letter of issue. The Republic has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Clearing of the Notes

The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The appropriate Common Code, International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) in relation to the Notes of each Series may be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be used to finance the Republic's State budget borrowing requirements. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

Litigation

The Republic is not involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the Programme or the issue of the Notes thereunder nor, so far as the Republic is aware, is any such litigation or arbitration pending or threatened.

Material change

Since 31 December 2024, there has been no adverse change, nor any development reasonably likely to involve an adverse change, in the condition (financial, economic or political) or general affairs of the Republic that is material in the context of the Programme or the issue of the Notes thereunder.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Fiscal Agent, namely:

- (a) the Agency Agreement;
- (b) the Deed of Covenant;
- (c) the Programme Manual (which contains the forms of the Notes in global and definitive form); and
- (d) the Order of the Minister of Finance on the conditions of issuing treasury bonds to be offered on foreign markets dated 15 December 2010 and a letter of issue issued by the Minister of Finance for each issue of Notes under the Programme,

and copies and, where appropriate, English translations of the following documents may be obtained during normal business hours at the specified office of the Fiscal Agent and at the specified office of any Paying Agents:

- (a) this Simplified Base Prospectus (and any supplements hereto); and
- (b) the Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by a holder of the relevant Notes upon production of evidence satisfactory to the Republic and the relevant Paying Agent as to its holding of such Notes and identity.

In addition, this Simplified Base Prospectus, any supplements hereto and the documents specified as containing information incorporated by reference in this Simplified Base Prospectus will also be available on the website of the Luxembourg Stock Exchange (<http://www.LuxSE.com>).

The Legal Entity Identifier

The Legal Entity Identifier (LEI) of the Republic is 259400R9L8QEP0TPXS31.

THE REPUBLIC

The Republic of Poland

Ministry of Finance
ul. Świętokrzyska 12
00-916 Warsaw
Poland

ARRANGER

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