



BANK GOSPODARSTWA KRAJOWEGO

(state bank incorporated under the laws of Poland)

Guaranteed, in respect of Guaranteed Notes (as defined herein) only, by

The State Treasury of the Republic of Poland

€25,000,000,000

Medium Term Note Programme

Application has been made to the Luxembourg Stock Exchange for notes (the “**Notes**”) issued under the Medium Term Note Programme (the “**Programme**”) described in this Offering Circular to be admitted to trading on the Luxembourg Stock Exchange’s regulated market and to be listed on the official list of the Luxembourg Stock Exchange. This Offering Circular constitutes a base prospectus for the purposes of the Luxembourg law on prospectuses for securities dated 16 July 2019 (the “**Luxembourg Law**”). The Offering Circular can only be used for purposes for which it has been published.

This Offering Circular has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the “**CSSF**”), which is the Luxembourg competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and the Luxembourg Law, as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of Notes that are not specified in the relevant Final Terms to have the benefit of a Guarantee of the Notes (as defined below) issued under the Programme during the period of twelve months after the date hereof. The CSSF has neither reviewed nor approved any information contained in this Offering Circular or incorporated by reference relating to the Notes that are specified in the relevant Final Terms to have the benefit of a Guarantee of the Notes (the “**Guaranteed Notes**”). In respect of Notes that are not specified in the relevant Final Terms to have the benefit of a Guarantee of the Notes, the CSSF has only approved this Offering Circular as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of Bank Gospodarstwa Krajowego (the “**Issuer**” or “**BGK**”) nor as an endorsement of the quality of any Notes that are the subject of this Offering Circular. Investors should make their own assessment as to the suitability of investing in such Notes. By approving this Offering Circular, the CSSF shall give no undertaking as to the economic or financial soundness of the transaction or the quality and solvency of the Issuer in line with the provisions of Article 6(4) of the Luxembourg Law. The CSSF has neither reviewed nor approved any information contained in this Offering Circular relating to the Notes with respect to an offering of the Notes to the public.

This Offering Circular is valid for a period of twelve months from the date of approval and shall expire on 8 May 2025, provided that it is completed by any supplement, pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including incorporated by reference) in this Offering Circular which may affect the assessment of the Notes. After such date, the Offering Circular will expire and the obligation to supplement this Offering Circular in the event of significant new factors, material mistakes or material inaccuracies will no longer apply. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended) (“**MiFID II**”).

This Offering Circular constitutes a base prospectus for the purposes of Article 8(1) of the Prospectus Regulation in respect of Notes that are not specified in the relevant Final Terms to have the benefit of a Guarantee of the Notes. This Offering Circular constitutes a prospectus for the purpose of Part III, chapter 2 of the Luxembourg law on prospectuses for securities dated 16 July 2019 in respect of the Guaranteed Notes.

Each Tranche of Guaranteed Notes will have the benefit of a guarantee (the “**Guarantee of the Notes**”) provided by the State Treasury of the Republic of Poland (the “**Guarantor**”). Each Tranche of Guaranteed Notes is subject to a separate

Guarantee, substantially in the form set out in this Offering Circular, although each Guarantee of the Notes will need to be authorised and/or approved by the State Treasury of the Republic of Poland on an issue by issue basis. Each Guarantee of the Notes will be limited to 140 per cent. of the principal value of the relevant Tranche of Guaranteed Notes. Each Guarantee of the Notes will cover only the payment of the principal value of the relevant Tranche of Guaranteed Notes and accrued interest. A Guarantee of the Notes will not cover any default interest under such Notes or the Issuer's liability under related indemnities, including the currency indemnity. Additionally, the period of the effectiveness of each Guarantee of the Notes will be limited such that each Guarantee of the Notes will expire on the day falling six months after the maturity date of the relevant Tranche of Guaranteed Notes. A claim brought by a Noteholder after the expiration of the relevant Guarantee of the Notes will not be satisfied under that Guarantee of the Notes.

Notes other than Guaranteed Notes will not have the benefit of any Guarantee of the Notes.

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 Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**") or a permanent global note in bearer form (the "**Permanent Global Note**") 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 not intended to be issued in new global note ("**NGN**") 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 Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") 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 deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. An overview of the provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes (as defined herein) are described in "*Forms of the Notes*".

Each Tranche of Notes in registered form ("**Registered Notes**") which are sold in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933 (the "**Securities Act**") ("**Unrestricted Notes**"), will initially be represented by an unrestricted global registered note (the "**Unrestricted Global Registered Note**") and will either be: (a) in the case of a Note which is not to be held under the new safekeeping structure ("**New Safekeeping Structure**" or "**NSS**"), registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Registered Note will be deposited on or about the issue date of the relevant Tranche of the Notes with the common depositary; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Registered Note will be deposited on or about the issue date of the relevant Tranche of the Notes with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Registered Notes which are sold in the United States to "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act ("**Restricted Notes**") will initially be represented by one or more restricted global registered notes (each, a "**Restricted Global Registered Note**" and together with the Unrestricted Global Registered Note, the "**Global Registered Notes**"), which will be deposited on the issue date of the relevant Tranche of the Notes with (a) and registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg (in the case of a Note which is not to be held under the NSS), (b) and registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg (in the case of a Note to be held under the NSS) or (c) a custodian for, and registered in the name of, Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"). An overview of the provisions governing the exchange of interests in Global Registered Notes for other Global Registered Notes and Individual Note Certificates are described in "*Forms of the Notes*".

The Notes (and the Guarantee of the Notes, if applicable) have not been, and will not be, registered under the Securities Act, and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold (or, in the case of Bearer Notes, delivered) within the United States or (for Notes that are not Guaranteed Notes) to, or for the account or benefit of, U.S. persons. The Notes may be offered and sold (a) in bearer form or registered form outside the United States in reliance on Regulation S and (b) if agreed between the Issuer and the relevant Dealers in relation to the relevant Series of Notes, in registered form within the United States, to persons who are QIBs in reliance on Rule 144A. Prospective purchasers who are QIBs are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Offering Circular or any Final Terms or any other offering materials relating to the Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*" below. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or

any State securities commission in the United States or other regulatory authority in the United States, nor has any the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or confirmed the accuracy or adequacy of the information contained in this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

Arranger

ING

Dealers

BANK PEKAO S.A.

BNP PARIBAS

CITIGROUP

COMMERZBANK

DEUTSCHE BANK

HSBC

ING

J.P. MORGAN

SANTANDER

**SOCIÉTÉ GÉNÉRALE
CORPORATE & INVESTMENT BANKING**

8 May 2024

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NOTICE TO INVESTORS

The Issuer accepts responsibility for the information contained in this Offering Circular and any Final Terms and declares that, to the best of its knowledge, the information contained in this Offering Circular is, in accordance with the facts and the Offering Circular makes no omission likely to affect its import.

This Offering Circular 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).

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular 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 Issuer 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 or 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 Offering Circular or any responsibility for any acts or omissions of the Issuer, the Guarantor or any other person in connection with the issue and offering of any Notes under the Programme. Neither the delivery of this Offering Circular 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 Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular 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 Issuer or the Guarantor since the date thereof or, if later, the date upon which this Offering Circular 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.

Notice to Prospective Investors

The distribution of this Offering Circular 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 Offering Circular or the Final Terms comes are required by the Issuer 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 Offering Circular or the Final Terms and other offering material relating to the Notes, see “Subscription and Sale”. In particular, the Notes (and the Guarantee of the Notes, if applicable) have not been, and will not be, registered under the Securities Act, and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold (or, in the case of Bearer Notes, delivered) within the United States or (for Notes that are not Guaranteed Notes) to, or for the account or benefit of, U.S. persons.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET – A determination will be made in relation to each issue about whether, for the purpose of the MiFID product governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes may be 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.

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 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.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET – 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.

The Final Terms in respect of any Notes may include a legend entitled “*UK MiFIR Product Governance*” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor 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.

PRIIPs / IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes other than Guaranteed Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs / IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes other than Guaranteed Notes includes a legend entitled “*Prohibition of Sales to UK Retail Investors*”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the UK by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of the domestic law of the UK by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The amount of interest payable on Floating Rate Notes may be calculated by reference to one of EURIBOR or WIBOR, as specified in the applicable Final Terms. As at the date of this Offering Circular, i.e., 8 May 2024, the administrators of EURIBOR and WIBOR are included in ESMA’s register of administrators under Article 36 of Regulation (EU) 2016/1011 (the “**EU Benchmarks Regulation**”).

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SFA – In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes issued under the Programme are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Neither this Offering Circular nor the Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Dealers or any of them that any recipient of this Offering Circular or the Final Terms should subscribe for or purchase any Notes. Each recipient of this Offering Circular or the Final Terms shall be taken to have made its own investigation and appraisal of the condition of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €25,000,000,000 (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”.

Notice to Canadian Investors

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Presentation of Financial Information

This Offering Circular incorporates by reference BGK’s consolidated financial statements for the year ended 31 December 2023 (the “**2023 Consolidated Financial Statements**”), BGK’s consolidated financial statements for the financial year ended 31 December 2022 (the “**2022 Consolidated Financial Statements**”), BGK’s consolidated financial statements for the financial year ended 31 December 2021 (the “**2021 Consolidated Financial Statements**”), BGK’s standalone financial statements for the year ended 31 December 2023 (the “**2023 Standalone Financial Statements**”), BGK’s standalone financial statements for the financial year ended 31 December 2022 (the “**2022 Standalone Financial Statements**”) and BGK’s standalone financial statements for the financial year ended 31 December 2021 (the “**2021 Standalone Financial Statements**”), all of which have been audited by Małgorzata Pek, statutory auditor, member of the National Chamber of Statutory Auditors (*Polska Izba Biegłych Rewidentów*), licence no. 13070, acting on behalf of Mazars Audyt spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw at ul. Piękna 18, 00-549 Warsaw, an entity authorised to audit financial statements entered on the list kept by the National Chamber of Statutory Auditors (*Polska Izba Biegłych Rewidentów*) under no. 186 and Mazars Audyt spółka z ograniczoną odpowiedzialnością have rendered unqualified audit reports on these standalone and consolidated financial statements of the Issuer.

Information on the financial position and profit and loss of cash-flow funds included in the Standalone Financial Statements of BGK and this Offering Circular has not been reviewed or audited by an independent auditor.

The 2023 Consolidated Financial Statements, 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements, 2023 Standalone Financial Statements, 2022 Standalone Financial Statements and 2021 Standalone Financial Statements have been prepared in accordance with the standards and interpretations adopted by the International Accounting Standards Board, approved for use by the European Union and published as regulations in the Official Journal of the European Union, which comprise: (i) International Financial Reporting Standards, (ii) International Accounting Standards, (iii) Interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC) or by the Standing Interpretations Committee (SIC) (jointly “**IFRS**”). Presentation of financial information in accordance with IFRS requires the management to make various estimates and assumptions which may have an impact on the values shown in the financial statements and notes thereto. The actual values may differ from such assumptions.

The Offering Circular contains certain data, which BGK considers to be alternative performance measures (“**APMs**”) for the purposes of the ESMA Guidelines on Alternative Performance Measures. These measures are not financial measures calculated in accordance with IFRS because they are not defined in IFRS and may not be permitted to appear on the face of primary financial statements or footnotes thereto. APMs contained in this Offering Circular have not been audited or reviewed by the independent auditor. The APMs are not measurements of BGK’s operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS.

The APMs used in this Offering Circular are defined as follows:

APM	Definition
Income from banking activities (in PLN million)	The sum of net interest (including net modification gain/loss) and commission income, net gain/loss on financial instruments at fair value through profit or loss and net exchange differences, net gain/loss on investments in financial assets and derecognition of assets.
Cost to Income (C/I) ratio	Calculated by dividing administrative expenses by income from banking activities and other operating income and expenses.
Return on assets (ROA)	Calculated by dividing net profit by average assets in the period. The average assets are calculated on the basis of the balances as at the end of each month.
Return on equity (ROE)	Calculated by dividing net profit by average equity in the period. The average equity is calculated on the basis of the balances as at the end of each month.
Net interest margin	Calculated by dividing net interest income by average assets in the period. The average assets are calculated on the basis of the balances as at the end of each month.

Source: BGK

Investors are cautioned not to place undue reliance on this information and should note that such measures may differ materially from similarly titled financial measures reported by other entities, including other development banks. Investors are encouraged to evaluate any adjustments to IFRS measures and the reasons BGK considers them appropriate for supplemental analysis. Because of these limitations, as well as further limitations discussed above, the non-IFRS measures presented should not be considered in isolation or as a substitute for performance measures calculated in accordance with IFRS. BGK compensates for these limitations by relying primarily on its results calculated in accordance with IFRS and using non-IFRS measures only supplementally. For more information regarding the APMs, see “*Selected Financial Information – Alternative Performance Measures.*”

Industry, Economic and Market Data and Statements Regarding Competitive Position

The Issuer confirms, in relation to information in this Offering Circular which was sourced from a third party, this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been sourced in this Offering Circular, the source of such information has been identified.

Market and economic publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. BGK believes that these publications, surveys and

forecasts are reliable, but neither BGK nor the Guarantor have independently verified them, or make any representation or warranty as to their accuracy or completeness. To the extent these publications, surveys and forecasts are accurate and complete, BGK believes it has correctly extracted and reproduced the information from such sources. Additionally, market and economic publications generally state that the information contained therein has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and in some instances state that they do not assume liability for such information. BGK therefore cannot assure you of the accuracy and completeness of such information and has not independently verified such information.

In addition, in many cases, statements in this Offering Circular regarding market and economic data are based on BGK's experience and its own investigation of market conditions. In particular, any expression indicating an "opinion", "belief", "assessment" or "view" of BGK or any similar expression regarding the Group's business or its competitive position is based on the knowledge of the market in which the Group operates, experience or BGK's assessment of market conditions.

While BGK is not aware of any misstatements regarding the market and economic data presented herein, its estimates involve certain assumptions, risks and uncertainties and are subject to change based on various factors, including those discussed under the section "*Risk Factors*" in this Offering Circular. Neither BGK nor the Guarantor can assure you that any of these statements are accurate or correctly reflect its position in the industry, and none of its internal surveys or information has been verified by any independent sources, and BGK cannot guarantee their accuracy.

Neither BGK nor the Guarantor intend, nor are they required to update the data presented herein, save for the obligations arising under the provisions of applicable law.

Exchange Rate Information

In this Offering Circular, 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 European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of May 3, 1998 on the introduction of the euro, as amended and references to "złoty" or "PLN" are to Polish złoty. Translations 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 at all. The National Bank of Poland's (the "NBP") foreign exchange rate for U.S. dollars on 7 May 2024 was PLN 4.0056 = USD 1, whilst the NBP's foreign exchange rate for euro on the same day was PLN 4.3116= EUR 1.

Annual Information

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

Functional and Presentation Currency

PLN is the functional currency (the currency of the primary economic environment where the Group operates) of BGK and other entities presented in financial statements, except for Fundusz Ekspansji Zagranicznej FIZ AN and the Three Seas Initiative Investment Fund.

EUR is the functional and presentation currency of Fundusz Ekspansji Zagranicznej FIZ AN and its investments in UAB EMP Recycling, ASM Germany GmbH, G+M GmbH and the Three Seas Initiative Investment Fund. USD is the functional and presentation currency of Fundusz Ekspansji Zagranicznej FIZ AN's investment in Netguru LLC.

Rounding and Negative Amounts

In this Offering Circular, where information is presented in millions, amounts of less than one million have been rounded unless otherwise specified. In addition, where information is presented in billions, amounts of less than one billion have been rounded. Percentages have been rounded to the nearest per cent., one-tenth of

1 per cent. or one-hundredth of 1 per cent., as the case may be, unless otherwise specified. Due to such rounding, the total of each column of figures may not equal the total of the individual figures.

Financial information presented in parentheses denotes the negative of such number presented.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes issued by it are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in “Forms of the Notes” or “Terms and Conditions of the Notes” below shall have the same meanings in this overview. This overview constitutes a general description of the Programme for the purposes of Article 25 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

Issuer:	Bank Gospodarstwa Krajowego.
Guarantor:	In respect of Guaranteed Notes only, The State Treasury of the Republic of Poland.
Arranger:	ING Bank N.V.
Dealers:	Banco Santander, S.A., Bank Pekao S.A., BNP Paribas, Citigroup Global Markets Europe AG, Commerzbank Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, HSBC Continental Europe, ING Bank N.V., J.P. Morgan SE, and Société Générale, and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent, Paying Agent, Transfer Agent and Exchange Agent:	Citibank, N.A., London Branch.
Luxembourg Listing Agent:	Banque Internationale à Luxembourg, société anonyme.
Listing and/or admission to trading:	Each Series may be listed on the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms or may be unlisted.
Clearing Systems:	For Unrestricted Notes represented by an Unrestricted Global Registered Note, Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms. For Restricted Notes represented by a Restricted Global Registered Note, Euroclear, Clearstream, Luxembourg and/or DTC.
Initial Programme Amount:	Up to €25,000,000,000 (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.
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 must be read in conjunction with this Offering Circular. 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:

The Notes may be issued in bearer form or in registered form.

Each Tranche of Bearer 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 NGN form (a “**Classic 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 Euroclear and/or Clearstream, Luxembourg 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 deposited on or around the relevant issue 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.

Each Tranche of Unrestricted Notes in registered form will initially be represented by an Unrestricted Global Registered Note and will either be: (a) in the case of a Note which is not to be held under the New Safekeeping Structure, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and deposited on or about the relevant issue date with the common depositary; or (b) in the case of a Note to be held under the New Safekeeping Structure, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and deposited on or about the relevant issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Tranche of Restricted Notes in registered form will initially be represented by a Restricted Global Registered Note, without interest coupons, which will be deposited on the relevant issue date with (a) and registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg (in the case of a Note which is not to be held under the NSS), (b) and registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg (in the case of a Note to be held under the NSS) or (c) a custodian for, and registered in the name of, Cede & Co. as nominee for, DTC.

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. 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, unconditional and (subject to Condition 5(a) (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Guarantee:	Each Tranche of Guaranteed Notes is subject to a separate Guarantee of the Notes, substantially in the form set out in this Offering Circular. See “<i>Risk Factors – Risks related to any Guarantee of the Notes</i>” below. Notes other than Guaranteed Notes will not have the benefit of any Guarantee of the Notes. Each Guarantee of the Notes will be limited to 140 per cent. of the principal amount of the relevant Tranche of Guaranteed Notes. Each Guarantee of the Notes will cover only the payment of the principal amount of the relevant Tranche of Guaranteed Notes and accrued interest. A Guarantee of the Notes will not cover any default interest under such Guaranteed Notes or the Issuer’s liability under related indemnities, including the currency indemnity. Additionally, the period of the effectiveness of each Guarantee of the Notes will be limited such that each Guarantee of the Notes will expire on the day falling six months after the maturity date of the relevant Tranche of Guaranteed Notes. A claim brought by a Noteholder after the expiration of the relevant Guarantee of the Notes will not be satisfied under that Guarantee of the Notes. Therefore, it is possible that not all Noteholders’ claims under the Guaranteed Notes will be satisfied by the Guarantor in full if these claims fall outside the scope of a Guarantee of the Notes.
Status of the Guarantee:	In respect of any Guaranteed Notes, the Guarantor will in the Guarantee of the Notes unconditionally and irrevocably guarantee the due and punctual payment of principal and accrued interest payable by the Issuer in respect of the Guaranteed Notes, subject to the limit stated immediately above. The Guarantee of the Notes will constitute a direct, general, unconditional and (subject to clause 5 (<i>Negative Pledge</i>) of the relevant Guarantee of the Notes) unsecured obligation of the Guarantor which will at all times rank at least <i>pari passu</i> with all other present and future unsecured and unsubordinated External Indebtedness of the Guarantor, <i>provided further</i> that the Guarantor shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due under the Guarantee of the Notes and vice versa.
Issue Price:	Notes may be issued at any price, 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 Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, 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 the FSMA by the Issuer. Money market instruments having a maturity at issue of less than 12 months will not be issued under this Offering Circular.

Redemption:	Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms.
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
Tax Redemption:	Except as described in “ <i>Optional Redemption</i> ” above, early redemption will only be permitted for tax reasons as described in Condition 9(b) (<i>Redemption and Purchase – Redemption for tax reasons</i>).
Benchmark Discontinuation:	In the event that a Benchmark Event occurs in relation to a particular Reference Rate where any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult, as soon as reasonably practicable, an Independent Adviser, and to determine a Successor Rate or, failing which, an Alternative Rate and any Adjustment Spread for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes. If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, fails to determine a Successor Rate or an Alternative Rate in accordance with Condition 7(j) (<i>Benchmark Discontinuation</i>), the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date (or if there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period), all as more fully described in Condition 7(j) (<i>Benchmark Discontinuation</i>).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate 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 save that the minimum denomination of each Note (other than Guaranteed Notes) admitted to trading on a regulated market within the EEA or the UK or offered to the public in a Member State of the EEA or the UK in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation or the UK Prospectus Regulation (as applicable) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Registered Notes initially represented by a Restricted Global Registered Note and sold pursuant to Rule 144A will be in minimum denominations of U.S.\$200,000 (or its equivalent in another currency) and integral multiples of U.S.\$1,000 (or its equivalent in another currency) in excess thereof, in each case subject to compliance with all legal and/or regulatory requirements applicable to the relevant jurisdiction.
Negative Pledge:	The Notes will have the benefit of a negative pledge given by the Issuer as described in Condition 5(a) (<i>Negative Pledge</i>). Each Guarantee of the Notes will also have the benefit of a negative pledge given by the Guarantor, see “ <i>Form of Guarantee of the Notes</i> ” below.
Taxation:	All payments in respect of Notes and (if the Notes are Guaranteed Notes) Guarantee of the Notes will be made free and clear of withholding taxes of Poland,

unless the withholding is required by law. In that event, the Issuer and (if applicable) the Guarantor 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.

Governing Law: English law.

Enforcement of Notes in Global Form: In the case of Global Notes and Global Registered Notes, investors' rights against the Issuer will be supported by a deed of covenant dated 16 December 2022, 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 EEA, the United Kingdom, Japan, Singapore, Switzerland and Italy, see "*Subscription and Sale*" below.

Guaranteed Notes are expected to be sold pursuant to Regulation S Category 1 and Notes other than Guaranteed Notes are expected to be sold pursuant to Regulation S Category 2 as further described in "*Subscription and Sale – United States of America*" below.

In the case of Bearer Notes, the Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA D**") unless (i) the applicable Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the Code) ("**TEFRA C**") or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

In the case of a distribution under Rule 144A, Notes will be issued in registered form, as defined in U.S. Temp. Treas. Reg. §5f.103-1(c).

Transfer Restrictions: There are restrictions on the transfer of Notes sold pursuant to Rule 144A. See "*Transfer Restrictions*" and "*Subscription and Sale*" below.

RISK FACTORS

Prospective investors should read the entire Offering Circular. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Offering Circular have the same meanings in this section.

Investing in Notes issued under the Programme involves certain risks. Prospective investors should consider, among other things, the following factors.

The risk factors described below are the risks the Issuer considers to be material for the taking of an informed investment decision in respect of the Notes based on the probability of their occurrence and the expected magnitude of their negative impact. Additional risks and uncertainties, currently not known to the Issuer, may also arise or become more material after the date of this Offering Circular, which could also have a material impact on the Group’s business operations in the future.

RISKS RELATED TO THE ISSUER AND THE GROUP

Risks relating to BGK’s business activity and industry

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

BGK and its subsidiaries (the “**Group**”) conduct their operations in Poland. As a result, the macroeconomic situation in Poland has a material impact on the business, financial condition and result of operations of the Group.

A primary factor affecting the Polish economy in the short term relates to the Russian aggression in Ukraine (described also in detail in the risk factor entitled “*Russian aggression in Ukraine could have a material adverse effect on the Group’s business, results of operations and financial position*” and “*Credit risk exposure in Ukraine, Russia and Belarus*” below). The Polish economy is also still being influenced by the aftermath of the COVID-19 pandemic and consequences of macroeconomic measures implemented to limit its negative consequences. These events have resulted in high inflation, increased levels of macroeconomic uncertainty, slowdown in economic growth and an inflow of refugees.

In particular, the strong economic rebound after the pandemic coupled with aggressive fiscal and monetary expansion on a global scale triggered an increase in prices of raw materials, including energy, and food. In 2023, Poland experienced high inflation (the average annual inflation in Poland was 11.4 per cent. in 2023 and peaked in February 2023 at 18.4 per cent. year-on-year inflation according to GUS). While this was lower than the 14.4 per cent. inflation rate seen in 2022, the continuing high inflation in 2023 stemmed, to a large extent, from the growth in commodities prices (primarily energy, but also agricultural) in the international markets caused by the COVID-19 pandemic and war in Ukraine. However, by the end of 2023, inflation started to decelerate. In December 2023 inflation was 6.2 per cent. and in March 2024 inflation was 2.0 per cent. The primary factors behind the disinflation in Poland are food and industrial goods prices, and the higher pressure on the core indicator stems from the tight labour market, including a low unemployment rate (2.9% in February 2024 according to Eurostat).

In October 2021, the Monetary Policy Council (the “**MPC**”) resolved to start a cycle of interest rate increases. In early October 2021, in response to growing inflation, the MPC raised its reference rate to 0.5 per cent. and increased the required reserve ratio to 2.0 per cent. from 0.5 per cent. In the following months, the MPC continued monetary tightening, given the risk that second-round effects and buoyant demand may feed into elevated inflation. In the period between November 2021 and September 2022, the MPC hiked the NBP’s interest rates ten times, which lifted the reference rate to 6.75 per cent. The reference rate then decreased to 6.00 per cent. (in September 2023) and 5.75 per cent. (in October 2023). In March 2024, the MPC decided to leave rates unchanged, at 5.75 per cent. In February 2022, the MPC also increased the required reserve ratio to pre-COVID-19 levels of 3.5 per cent.

Inflation is expected to remain at a relatively high level in 2024, with an expected downward trend. According to the NBP’s March 2024 forecast, after removing all the protective measures, the average inflation level in

Poland in 2024 will reach 5.7 per cent. High inflation could have a negative effect on the financial condition of the Group's customers and could also put pressure on yields on short- and long-term bonds issued by or held by the Issuer. This could materially adversely affect the Group's business, financial condition and results of operations and its ability to perform its obligations under the Notes.

The further weakening of the growth rate of the Eurozone may adversely impact Polish exports and investment and ultimately adversely affect economic growth in Poland. In the short term, downside risks from the external environment come mainly from elevated geopolitical tensions and protectionist policies. A further escalation of the Russian military aggression in Ukraine may have a negative impact on the possibility of importing commodities from Russia and Ukraine into Poland including rare metals used, among others, in the automotive industry. In such a scenario, greater supply chain disruptions can be expected, including a further rise in inflation and worsening economic conditions in the global economy, including in Poland.

Uncertainties related to policies pursued in major countries outside Europe add to these factors. This includes the possibility of stronger monetary policy tightening by the ECB and the U.S. Federal Reserve in response to rising inflation. In addition, recovery in China may stall amid the deepening crisis in the real estate market. This could create significant spillovers to the rest of the world, including Poland, causing lower demand and potentially renewed supply chain problems.

A potential prolonged economic slowdown, recession, rising or continuing high inflation in Poland could adversely affect the Group's operations. Fluctuations in the financial markets (including the currency market), may adversely affect the financial conditions of the Group's customers, which could, in turn, impair the quality and volume of the Group's loans and advances portfolio and other financial assets and result in decreased demand for the Group's products. In addition, in unstable market conditions, the value of assets securing loans already granted or to be granted by the Group, including real estate, may decline significantly. Accordingly, any deterioration of the economic, business, political and social conditions in Poland may have a material adverse effect on the business, financial condition results of and operations of the Group and its ability to perform its obligations under the Notes.

Russian aggression in Ukraine could have a material adverse effect on the Group's business, results of operations and financial position

On 24 February 2022, Russia invaded Ukraine. As of the date of this Offering Circular, the invasion is still ongoing, with fighting taking place throughout eastern and southern Ukraine, and bombings and missile attacks on cities throughout Ukraine. In a further escalation, Russian President Vladimir Putin announced on 21 September 2022 a mobilization of 300,000 reserve troops. It is not possible to predict when the war will finish or what its result will be and further escalation in 2024 cannot be excluded.

The military attack launched in Ukraine by Russia caused supply chains disruptions in Poland (which is a member of the North Atlantic Treaty Organisation), Ukraine, Russia, Belarus and other countries, due to the blocking of the logistics system linking Eastern Europe and Central Europe, and sanctions imposed on Russia and Belarus.

Russian military aggression against Ukraine has contributed to a sharp rise in global commodity prices as well to potential shortages of certain natural resources, including natural gas and coal, which, together with the other factors that had already accelerated inflation, are pushing up prices across an increasingly broader group of goods and services. Uncertainty related to discontinued production in part of the Ukrainian agricultural sector and the cutting off of Russia's agriculture from global markets (an indirect consequence of financial sanctions and Russia's restrictions on exports) and increased demand caused by refugees from Ukraine also put upward pressure on food prices in the Polish market. Moreover, imports and transit of agricultural products from Ukraine contributed to protests by Polish farmers due to, among other things, a decrease in the demand for Polish agricultural products and the alleged entry into the Polish market of products not meeting the food safety standards in Poland.

The war has also caused a number of Ukrainians to seek refuge in neighbouring countries. According to the Polish Border Guard, approximately 18 million Ukrainians crossed the Polish-Ukrainian border between 24 February 2022 and 8 February 2024. A large number of refugees could put a significant strain on the Polish

public services, including by decreasing their availability, and could lead to increased government spending aimed at supporting the refugees. These circumstances could negatively affect the growth of the Polish GDP, increase the Polish public debt and contribute to social tensions. Since February 2022, approximately one million Ukrainian citizens have settled in Poland, mostly women and children, and the employment rate of working-age refugees is estimated to be the highest among twelve OECD hosting countries, at 65 per cent.

Uncertainty related to the Russian invasion of Ukraine and possible winter energy shortages caused by sanctions, energy delivery suspensions and surging energy prices may also weigh heavily on Polish household and business confidence. The Act of 7 October 2022 on Special Solutions to Protect Electricity Consumers in 2023 and 2024 in connection with the situation on the electricity market introduced a price ceiling for energy consumption up to a certain threshold (after which the price ceiling falls away), and an electricity allowance for households that use electricity for heating.

Although this risk did not materialize during the winters of 2022-2024, any energy shortages and possible higher spending on energy caused by, for example, weather conditions, could adversely affect solvency of borrowers and their ability to take out new loans, which could adversely affect the business, financial condition and results of operations of the Group.

Another risk for GDP growth in Poland relates to the Russian aggression in Ukraine and the external macroeconomic environment, particularly the economic performance of other EU member states. Due to EU's heavy reliance on imports of energy commodities, including imports from Russia, it could be adversely affected by the suspension of imports of Russian crude oil, hard coal and natural gas. Poland's strong trade and financial links with the EU, including through participation in German supply chains, make it susceptible to shocks emanating from major trade partners. The GDP growth in Poland slowed down in 2023, to 0.2 per cent. year-on-year, compared to 5.3 per cent. growth in 2022 due to the impact of the war in Ukraine and stagnation of economies of the Polish trading partners. The Group forecasts that Poland's GDP will grow 3.4 per cent, in 2024, driven by increased private consumption and the impact of the EU Recovery and Resilience Facility.

As a result of the Russian invasion of Ukraine, the outlook for the Polish economy has deteriorated in the short term. Moreover, high uncertainty, inflationary pressure and elevated interest rates have led to decreased domestic demand. The effects of sanctions imposed on Russia, in particular with regard to the supply of energy resources to EU countries, and the further escalation of war, are currently the primary adverse factor in the balance of risks. Accordingly, any further developments connected with Russia's invasion of Ukraine could have an adverse effect on the Polish economy, which could in turn adversely affect the business, financial condition and results of operations of the Group and its ability to perform its obligations under the Notes.

The Group's credit risk exposure in Ukraine, Russia and Belarus will need to be monitored closely

Until the start of military action in Ukraine by Russia, the Group financed investment projects in Ukraine, Russia and Belarus in the construction, agriculture and industrial sectors. Depending on the type of financing, the exposures are collateralised on the financed assets, primarily by official Polish export credit agency (*Korporacja Ubezpieczeń Kredytów Eksportowych S.A.*, "KUKE") guarantees. The aggregate value of the Group's exposure in Ukraine and Belarus amounted to 1.5 per cent. of the Group's loans and advances to customers portfolio as at 31 December 2023. The Group has no loans and advances to customers and banks in Russia.

For prudential reasons, when Russia initiated the military attack on Ukraine in February 2022, BGK immediately reclassified selected financing instruments in Ukraine, Russia and Belarus from Stage 1 (i.e. if the credit risk on a financial instrument has not increased significantly since initial recognition, impairment is measured as 12-month expected credit losses) to Stage 2 (i.e. if the credit risk on that financial instrument has significantly increased since initial recognition, whether assessed on an individual or portfolio basis, considering all reasonable and supportable information, including that which is forward-looking, the impairment loss is measured as lifetime expected credit losses). Decisions are made on a case-by-case basis to reclassify exposures to Stage 3 (i.e., for impaired financial assets, for which impairment will be measured as lifetime expected credit losses at an amount equal to accumulated changes in lifetime expected credit losses from their initial recognition) depending on the observed indications for reclassification. The classification of

financial assets according to these three stages and the determined impairment calculation method affects the Group's recognition of interest income, which in turn could adversely affect the business, financial condition and/or results of operations of the Group. Interest income on financial assets which are classified as Stage 1 or Stage 2 is determined based on gross exposures (amortised cost of a financial asset, before adjustment for any allowances for expected credit losses) using the effective interest method. For Stage 3 assets, interest income is determined based on the amortised cost of those assets.

With regard to expected credit losses, the Group analysed the situation concerning Russian aggression against Ukraine and took appropriate measures on an ongoing basis to address the potential impact on its credit risk. In 2023, there were no material changes in the classification of financing in Ukrainian, Russian and Belarusian markets. The Bank continued to monitor and assess ongoing debt service process. Gross loan exposure (mainly denominated in EUR) in the aforementioned markets as of 31 December 2023 was approximately 33% lower than at the end of 2022 and mainly resulted from repayments of financing in the Belarusian market. The continued need to monitor and analyse BGK's loan portfolio exposed to the risks of war in Ukraine may adversely affect the value of the high-risk loan portfolio of BGK, which could have a material adverse effect on the business, financial condition and results of operations of the Group.

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

The provisions of the Act dated 14 March 2003 on Bank Gospodarstwa Krajowego and the Regulation of the Minister of Development dated 16 September 2016 on the Adoption of the Statute of Bank Gospodarstwa Krajowego, under which the Issuer operates, give the State Treasury full corporate control over the Issuer. Therefore, the State Treasury may exercise significant influence over BGK's operations, including by directing the implementation of its business strategy. As a result, certain activities of BGK may reflect the Polish government's policy and hence expose BGK to additional risks or may not generate profit.

Accordingly, the Issuer may be exposed to the effect of political uncertainty and potential changes and disruption at a governmental level, which could have an adverse effect on the development and implementation of the Issuer's strategy, as well as its day-to-day operations. Additionally, the decisions taken by the State Treasury towards the Issuer may conflict with the interests of holders of Notes issued by the Issuer under the Programme. As a consequence, the decisions of the State Treasury may adversely affect the operations of the Group and its ability to perform its obligations under the Notes.

The Guaranteed Notes issued under the Programme for the purposes of flow funds have not been, and will not be, accounted for as liabilities on BGK's balance sheet and repayment of principal and interest due on the Guaranteed Notes is generated from debt service received from the relevant flow funds that receive the proceeds of the Guaranteed Notes or from other sources specified in the applicable law

BGK carries out Polish government tasks on the basis of acts and agreements with Polish ministries, including through flow funds established, entrusted or transferred to BGK for which, by virtue of law, BGK keeps separate accounting books and prepares separate financial statements. Flow funds deal with the management of revenue streams used to finance tasks specified in the relevant legislation, in accordance with annual financial plans of the fund. The assets and liabilities of flow funds are not disclosed in BGK's financial statements and under the Polish Accounting Act and IFRS, they cannot be treated as BGK's assets and liabilities. Any Guaranteed Notes issued for the purposes of financing the flow funds are also not treated as BGK's assets and liabilities. Therefore, these flow funds are not consolidated into BGK's own financial statements. Detailed information on the financial position and profit and loss of cash-flow funds, which has not been reviewed or audited by an independent auditor is included in the standalone financial statements of BGK for each financial year.

Payments of principal and interest on the Notes issued for the purpose of the relevant flow fund are serviced from the statutory proceeds of such fund. Agreements relating to flow funds provide that debt repayment has priority over other spending. If a cash shortfall is projected, BGK is required to inform the relevant ministers and has the right to suspend other expenditures of the relevant flow fund. Moreover, in certain circumstances, in the event there is a shortfall in the fund and upon agreement between BGK and the relevant ministry, such fund's expenditures may be temporarily bridge financed from BGK's own funds. Notwithstanding the above, BGK is a primary obligor under the Notes.

Additionally, with respect to certain funds, including the COVID-19 Response Fund and Aid Fund, the applicable regulations explicitly provide that the minister competent for public finance is obliged to provide such flow funds with amounts required to timely service the bonds issued for the purposes of the particular flow fund.

Therefore, investors in the Notes issued for the purposes of flow funds should also be aware that the Notes will be serviced primarily out of funds received from the flow funds, and the ability of the Issuer to provide debt service on the Notes issued for the purposes of flow funds is also dependent on the financial condition of the relevant flow funds.

When BGK issues Notes for the purposes of the flow funds, it has limited impact on the final use of such proceeds, and such use of proceeds may not align with investment principles or policies of all investors

The Notes may be issued for the purposes of, among others, financing the National Road Fund, the Aid Fund, the COVID-19 Response Fund and the Armed Forces Support Fund. Due to the spending mechanism in the Aid Fund and the COVID-19 Response Fund, where expenditures are disbursed via the subsidiary accounts by account holders empowered by the Prime Minister of the Republic of Poland, BGK has limited control over the final use of such proceeds. A separate subsidiary account is assigned to an item in the annual financial plan of the relevant fund. For the Armed Forces Support Fund, the details concerning allocation of funds are classified. Payments from the Armed Forces Support Fund are made at the request of the Minister of Defence, represented by the Armament Agency, which has full discretion to determine the list of tasks in the Armed Forces Development Programme, such as, purchases of military equipment or improvement of defence and military capabilities.

Due to BGK's limited control over the final use of proceeds to the flow funds, such use of proceeds may not align with investment principles or policies of all investors, and accordingly the Notes may not be a suitable investment for all investors. Investors' decision to purchase the Notes may be affected by their assessment of the use of proceeds indicated in the relevant Final Terms.

The Group may be impacted by challenges of the Polish banking sector, including risks related to foreign currency loans

The Polish banking sector is currently facing numerous challenges, including legal risks connected to loans granted in foreign currencies, in particular in CHF, risks related to WIBOR and loans granted based on a floating interest rate as well as risks related to credit relief measures introduced by the government, such as credit holidays.

Polish banks have granted a large number of mortgages denominated in CHF or indexed to it (the "**CHF Mortgage Loans**"). CHF Mortgage Loans were formerly an extremely popular product due to, among other things, low interest rates. Due to the rapid appreciation of CHF, monthly instalments of CHF Mortgage Loans and the outstanding principal amounts of CHF Mortgage Loans have increased significantly. For this reason, many CHF Mortgage Loan borrowers have decided to bring an action for annulment of their CHF Mortgage Loan agreements or some of their provisions.

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

Subsequent judgments on CHF Mortgage Loans have been issued by the CJEU. On 15 June 2023, there were two favourable CJEU judgments for consumers concerning a mortgage credit agreement in CHF. In its judgment C-520/21, the CJEU stated that banks are not entitled to any remuneration for the use of capital.

However, an analogous claim against the banks may be claimed by consumers who have been paying excessive loan instalments for years. In the second judgement, C-287/22, the CJEU ruled that the court hearing the case should grant injunctive relief and suspend the repayment of loans if this is required to ensure the effectiveness of the judgment that may be made in the case. The above judgements are unfavourable for the banking sector and may undermine the stability of this sector in Poland. As the majority of loans on the Polish market are based on a floating interest rate, the increase of market benchmark rate (WIBOR) corresponded to an increase in the instalments of customers' loans. This further increased the default risk on the loans and resulted in customers challenging the floating interest rate clauses in court. As of the date of this Offering Circular, the outcome of such challenges is difficult to assess; however, the potential invalidity of floating rate loans may have a material adverse effect on the Polish banking sector.

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

The Act on Supporting Borrowers: (i) introduces the possibility for borrowers to suspend the repayment of mortgage loan instalments, (ii) obligates banks to pay an additional contribution to the Borrowers Support Fund (*Fundusz Wsparcia Kredytobiorców*), and (iii) introduces a procedure for replacing WIBOR with a new benchmark. Under the Act on Supporting Borrowers, a borrower with a mortgage loan denominated in PLN and who is a consumer may suspend the repayment of one loan agreement which was provided to finance his own housing needs. The suspension period was two months in the period from 1 August 2022 to 30 September 2022, another two months in the period from 1 October 2022 to 31 December 2022 and one month in each calendar quarter from 1 January 2023 to 31 December 2023. During the suspension period, the borrower did not have to make any payments due to the lender under the loan agreement (including interest, principal and fees), except for payments of the insurance premiums linked to the loan agreement. The suspension was effective automatically upon the delivery of an application to the lender. The maturity of the loan was extended by the duration of the suspension period. The lender could not charge interest and fees, other than the insurance premiums linked to the loan agreement, during the suspension period. The right to request a suspension applied to loan agreements entered into before 1 July 2022, provided that the maturity date of the loan fell after 1 January 2023.

On 5 March 2024 the Polish government proposed an amendment to the Act on Supporting Borrowers. The purpose of the amendment is to enable borrowers under mortgage loans to request the suspension repayment of mortgage loans in 2024. The suspension period would be from 1 June 2024 to 31 August 2024 and then one month in the period from 1 September 2024 to 31 December 2024. The suspension would be available only to borrowers for whom a loan instalment exceeds 30 per cent. of their household income or who support at least three children and signed the loan agreement before 1 July 2022. The loan amount may not exceed PLN 1.2 million. The amendments will enter into force on 1 June 2024. Extending the suspension of repayment of mortgage loans in 2024 may have a negative effect on the Polish banking sector's financial condition.

The abovementioned issues do not significantly impact the Group's operations as the Group's portfolio of loans granted to retail customers is not material. However, the Group cannot exclude that the overall challenges faced by the Polish banking sector, and their financial and reputational impact on banks in general could also have a material adverse effect on the business, financial condition, results of operations of the Group and its ability to perform its obligations under the Notes.

Risks relating to the Group's financial situation

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

In connection with its credit operations, the Group regularly writes down impaired assets and records impairment provisions in the profit and loss account of the Group. The total value of the Group's expected credit losses depends on the volume and type of borrowing activity, standards applied in the banking industry and is calculated based on the three-stage expected credit losses model, reflecting the change in the level of

risk that occurred since a given exposure was recognised, including losses experienced by the Group adjusted by expected forward-looking information, expectations on defaults in loan payments, the economic situation and other factors connected with the repayment of various loans. It also depends on the risk model applied by the Group, which may prove to be incorrect and result in an incorrect assessment by the Group of the risk associated with its loan portfolios.

Although BGK's Management Board uses its best efforts to establish an appropriate amount of expected credit losses on loans and advances, that determination is subject to the evaluation of credit risk and may be affected by numerous factors, including uncertainties relating to the current macroeconomic environment. The Issuer monitors the exposures of customers comprising its loan portfolio on an ongoing basis. However, it is not possible at the moment to determine to what extent the COVID-19 pandemic, the Russian aggression in Ukraine and their respective economic repercussions will affect the financial standing of these customers. For a further discussion of the Russian invasion of Ukraine's effect on expected credit losses in the region, see "*Credit risk exposure in Ukraine, Russia and Belarus will need to be monitored closely*". The Group could be required to increase its expected credit losses on loans and advances in the future as a result of increases in non-performing assets or for other reasons. Any material increase in the expected credit losses on loans and advances, any loan losses in excess of the previously determined expected credit losses on loans and advances with respect thereto or changes in the estimate of the provision for expected losses on loans and advances could have an adverse effect on the Group's business, financial condition and results of operations.

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

The occurrence of any of the factors mentioned above may have a material adverse effect on the business, financial condition, results of operations of the Group and its ability to perform its obligations under the Notes.

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

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

As at 31 December 2023, debt instruments issued by the State Treasury and the NBP accounted for 90.8 per cent. of the Group's debt securities portfolio. A decrease in the price of such securities may occur as a result of several factors, in particular: (i) an increased supply of such securities by the Polish government due to an increased issue of those securities to finance the budget deficit or an increased offer of securities by investors disposing of them; or (ii) increases in domestic interest rates; or (iii) a decrease in the credit ratings for Poland's sovereign debt; or (iv) increased political risk and a negative perception of Poland by investors. Any decrease in the price of such securities could adversely affect the Group's business, financial condition and results of operations.

The Group's equity portfolio consists mainly of shares and certificates issued by Polish and foreign investment funds in which BGK is the main investor. These funds are managed by professional external entities, which means that BGK has no direct influence on the results of these funds. The value of these securities may be very volatile due to the market uncertainty and significant operational costs of certain investment funds.

The Group's portfolio includes negotiable financial instruments whose daily valuations depend on certain market parameters (such as foreign exchange rates, interest rates, prices of bonds and stocks, stock indices values, futures prices, and implied volatilities of options). As these parameters vary continuously due to market

forces, valuations of the financial instruments also change accordingly, which may adversely impact unrealised results of these portfolios, even though certain components of market risk of those portfolios are hedged and the trading is carried out within set market risk limits. In addition, market movements may also adversely affect realised results of the trading book. The occurrence of any of these factors may have an adverse effect on the Group's business, financial condition and results of operations.

Moreover, the Group's assets are exposed to increases in inflation and/or in inflation forecasts, which could accompany increases in interest rates and lead to a decrease in the market value of bonds held in the Group's securities portfolio. This could have an adverse effect on the profitability of the Group's securities portfolio and the Group's revenues. Depending on the relevant macroeconomic context, increases in inflation may have a negative impact on risk premiums and share prices, which could result in a decline in the market value of the Group's equity portfolio. The occurrence of any of these factors may have an adverse effect on the Group's business, financial condition, results of operations and its ability to perform its obligations under the Notes.

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

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

The Group has assets associated with foreign exchange derivatives, which include foreign exchange swaps, forwards and options conducted with other banking and non-banking clients. These foreign exchange derivatives require the customer to provide collateral if the instrument reaches a prescribed loss level. If there are significant changes of the PLN exchange rate against certain foreign currencies, customers who purchased foreign exchange derivatives may not be able to provide the required collateral.

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

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

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. A reduction in the Group companies' credit ratings could increase the costs associated with its interbank and capital market transactions and could adversely affect the Group's liquidity and competitive position, undermine confidence in the Group, increase its borrowing costs and adversely affect its interest margins. Furthermore, should the rating of BGK be downgraded below investment grade, this could significantly impair the operating business of BGK, the refinancing costs of the Group and BGK's eligibility to act as a counterparty to derivative transactions for some market participants.

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

A downgrade in the rating of BGK and its subsidiaries could increase the financing costs associated with transactions on the interbank market and could adversely affect the Group's business, financial condition, results of operations and its ability to perform its obligations under the Notes.

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

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

Various factors could affect the Group's ability to maintain credit and deposit margins as well as fees and commissions at current levels. These factors include the evolving regulatory environment, court judgments, increasing competition in the market, changing demand for fixed and floating interest rate loans, possible changes in monetary policy conducted by the MPC, the level of inflation, and changes in interest rates (WIBOR, WIRON and EURIBOR) on interbank markets.

The Group could suffer decreasing interest rate margins for various reasons, including:

- if market interest rates on floating interest rate loans decline and the Group is unable to offset such effect by decreasing the rates payable on deposits;
- if interest rates payable on deposits increase resulting from additional competition among banks or other factors beyond the Group's control and the Group is unable to offset such effect by increasing the rates on its loans;
- if interbank interest rate level declines below zero and the Group is unable to apply negative interest to customer deposits or offset a negative margin through a fee;
- if increased competition on the market and economic recovery reduce credit spreads; or
- if liquidity surplus placed on securities like bonds issued by the State Treasury or NBP bills brings lower yields due to decreasing interest rates.

In September 2022, the Warsaw Deposit Market Index ("WIRD"), the name of which was changed to the Warsaw Interest Rate Overnight ("WIRON"), was selected as an alternative interest rate benchmark to eventually replace WIBOR and become a key interest rate benchmark. The WIBOR replacement is expected to be implemented by the end of 2027.

Introducing a new benchmark may lead to a decrease of BGK interest income under the loans in its portfolio, if the new interest rate is less favourable to the Group. It may also create operational challenges associated with adapting BGK's internal processes and settlement procedures to the new benchmark.

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

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

Operational risk accompanies all processes at banks and its consequences can be significant. The Group is subject to the risk of incurring losses or unforeseen costs relating to inadequate or failed internal processes, human errors, system failures, errors relating to the outsourcing of the performance of certain services to external service providers, incorrect information received by BGK in the course of its business, or external events. Typical categories of operational loss include: errors made during the execution of operations, record-keeping errors, business disruptions (caused by, for example, software or hardware failures and communication breakdowns), fraud, cyber-attacks and other security breaches, legal claims over transactions or operations and damage to assets. In addition, because some of the Group's business transactions are conducted via internet platforms, the Group is exposed to third party attacks on its IT systems, which could result in financial or reputational loss. The Group utilises a number of IT systems to conduct its operations. Due to the high

complexity of interactions and interdependencies among the Group's IT systems, there can be no assurance that these systems will always properly interact with one another or will always effectively ensure the error-free and timely transfer of data within the IT structure of BGK and the Group. For a detailed description of the risks associated with the malfunctioning of the Group's IT systems, refer to the risk factor entitled "*The Group's IT systems may fail or their security may be compromised*" below.

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

Additionally, failures of the Group's operational risk management system to detect or prevent operational problems of third parties which prevent them from performing the activities outsourced to them could affect the Group's business, financial condition, results of operations, prospects and its ability to perform its obligations under the Notes.

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

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

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

The Group's activities involve the use and constant development of several IT platforms dedicated to the various segments of the Group. Malfunctions, in particular with respect to the use of and interactions between the Group's IT platforms, information leakages, service interruptions or similar events may affect the relationship between the Group and its customers. The Group constantly modifies and enhances the protective measures it takes to counteract these risks. Nevertheless, there is a risk that such measures may not be effective against all threats related to cyber-attacks, taking into account their varying nature and evolving sophistication. A successful attack could result in material losses of client or customer information, damage of computer systems, damage the Group's reputation and lead to regulatory penalties or financial losses.

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

The Group is also subject to regulations regarding the processing of personal data. The General Data Protection Regulation imposes a number of obligations and guidelines on companies with regard to the processing of personal data. Administrative fines of EUR 20 million, or 4 per cent. of a company's annual turnover from the preceding financial year, whichever is higher, can be imposed for non-compliance with the General Data Protection Regulation. Data subjects suffering damage resulting from unlawful personal data processing may also bring compensation claims under the General Data Protection Regulation. Additional obligations and requirements regarding personal data processing may also derive from national laws.

The Group has procedures in place to ensure compliance with the relevant data protection regulations by its employees and any third-party service providers carrying out processing activities on its behalf, and has also implemented security measures to prevent cyber-theft. However, if the Group or any of the third party service providers fails to store or transmit personal data in a secure manner, or if any loss or unlawful processing of personal data or infringement of applicable regulations were otherwise to occur, the Group could be subject to

investigative and enforcement action by the relevant regulatory authorities and could be subject to claims or complaints from the person to whom the data relates to, or could face liability under data protection laws. Should some or all of these risks materialise, this may have an adverse effect on the business, financial condition, results of operations of the Group and its ability to perform its obligations under the Notes.

The Group faces liquidity risk

Liquidity risk is the risk that BGK may be unable to meet current and future (including contingent) payment obligations as they become due. Liquidity risk may result from internal factors (for example, the impact of negative publicity and/or reputational damage, resulting for instance in excessive withdrawal of cash by BGK's clients or the materialisation of credit risk) and external factors (turbulence and crises in the financial markets (such as most recently seen following the collapse of Silicon Valley Bank and the forced merger of Credit Suisse with UBS), country risk or disruption in the operation of clearing systems).

The Group becomes exposed to liquidity risk when the maturities of its assets and liabilities do not coincide. Maturity mismatches between the Group's assets and liabilities may have a material adverse effect on the Group's business, financial condition, and results of operations if the Group is unable to obtain new deposits or find alternative sources of funding for existing and future loan and advances portfolios.

In terms of current and short-term liquidity risk, if a substantial portion of BGK's clients withdraw their demand deposits or do not roll over their term deposits upon maturity, as would be the case with many other banks, BGK's liquidity position may be adversely affected. Current liquidity may also be affected by unfavourable financial market conditions. If assets held by BGK in order to provide liquidity become illiquid due to unforeseen financial market events or their value drops substantially (due to the occurrence of events described in detail in the risk factor entitled "*The value of the Group's investment and trading portfolios may decrease*" above), in such circumstances, BGK might not be able to meet its obligations as they become due and therefore might be forced to resort to interbank funding, which, in the event of an unstable market situation, may become excessively expensive and uncertain. In addition, BGK's ability to use such external funding sources is directly connected with the level of credit lines available to BGK, and this in turn is dependent on BGK's financial and credit condition, as well as general market liquidity.

A loss of liquidity or an inability to raise sufficient funds to finance its operations, particularly its lending operations, may have an adverse effect on the business, financial condition, results of operations of the Group and its ability to perform its obligations under the Notes.

The Group may not be able to hire, train or retain a sufficient number of qualified personnel

The success of the Group's business depends, among other things, on its ability to recruit and maintain qualified personnel. The Group is dependent upon high-level management to implement its strategy and day-to-day operations. The Group endeavours to reduce the risk of losing key employees through various measures, including in particular through management and career development measures. Despite these measures, the Group may not succeed in attracting or retaining highly qualified employees in the future. In Poland, there is strong competition for qualified personnel specialised in banking and finance, especially at middle and upper management levels.

Competition of this kind may increase the Group's personnel-related costs and make it difficult to recruit and offer incentives to qualified personnel. In addition, the Group's senior management or key employees of the Group's companies may resign or file a termination notice at any time, which could harm the relationships the Group's companies have developed with its customers. The Group's companies may not be able to retain such employees and, if they do resign, the Group's companies may not be able to replace them with persons of the same ability and experience. This could have a material adverse effect on the business, financial condition, results of operations, and prospects of the Group.

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

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

To the best of BGK's knowledge, as of 31 March 2024, it was a party to 151 court cases in which it acted as the plaintiff and 51 in which it acted as the defendant. No individual case's value exceeds 5 per cent. of BGK's equity. As of 31 March 2024, the value of the Group's provisions regarding all ongoing lawsuits was approximately PLN 52.2 million.

The outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions against BGK or the Group's companies may seek recovery in large or indeterminate amounts or other remedies that may affect BGK's or the Group companies' ability to conduct their business, and the magnitude of the potential losses relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation against particular Group companies that could damage the reputation of the Group or the particular companies, regardless of whether the allegations are valid or whether the Group is ultimately found liable. This could have a material adverse effect on the business, financial condition, results of operations, and prospects of the Group.

Risks related to legal and regulatory environment

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

Regulations governing the banking and financial services industries in Poland and internationally are likely to increase, particularly in the current market environment, where supervisors have recently moved to tighten regulations governing financial institutions. As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed on the Group as a result of governmental or regulatory initiatives, such as the recommendations of the European Union, recommendations of the Polish Financial Supervision Authority (*Komisja Nadzoru Finansowego*) ("KNF") and directives and regulations of the European Parliament and of the Council, that transpose new Basel Committee on Banking Supervision standards into European Union Law), the Group may face greater regulation with respect to its operations. Compliance with such changes may increase its capital requirements and costs, heighten disclosure requirements, hinder entering into or carrying out certain types of transactions, affect the Group's strategy and limit or require modification of the rates or fees that it charges on certain loan and other products, any of which could lower the return ratio on its investments, assets and equity. The Group may thus face increased compliance costs and limitations on its ability to pursue certain business opportunities and, consequently, could have a material adverse effect on its business, financial condition and results of operations.

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

The Group also faces risks related to environmental, social and governance ("ESG") regulations or market trends concerning the financial markets. In particular, BGK is required to implement mechanisms concerning ESG risk management, all of which may cause BGK to change its current risk models, incur additional costs or limit certain types of transactions, including financing of sectors or companies with low ESG ratings.

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

The Group may fail to comply with, or be subject to changes in, certain regulatory requirements applicable to banking and other regulated businesses, or with the guidelines set forth by financial supervisory authorities in the markets where the Group is present

Apart from its banking operations, the Group also provides certain financial and ancillary services regarding financial instruments and offers transactional banking products that are subject to the supervision of the KNF. The catalogue of products offered by BGK and the scope of services provided also depends on EU directives and regulations as well as third tier legislation issued by European regulatory authorities (e.g., ESMA and the European Banking Authority).

Due to the nature of BGK's business activities and the relationship with the State Treasury, BGK is exempted from certain regulatory requirements. Nevertheless, the increasing number and ambiguity of certain regulatory requirements, and their application to the Group in the markets where the Group is present, together with changes to the regulatory requirements and guidelines, has placed an increased burden on BGK and other Group entities to amend their internal policies and procedures in order to comply with applicable regulatory regimes. In addition, the requirements and obligations applicable to BGK and other Group entities stemming from different jurisdictions and the application thereof may be unclear and contradictory and could potentially result in instances of non-compliance.

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

Non-compliance with the above-mentioned requirements may expose the Group to sanctions, fines and other penalties, which may have a material adverse effect on the business, financial condition and results of operations of the Group.

The KNF may identify issues during inspections of the Group in the future which, if not adequately resolved by the Group, may result in sanctions, fines or other penalties

In the course of its activities, the Group is subject to numerous inspections, reviews, audits and explanatory proceedings conducted by various supervisors which supervise the financial services sector and other areas in which the Group operates, including the KNF. Inspections by the KNF are conducted periodically. The latest one took place in the fourth quarter of 2022.

Moreover, on 22 November 2023, the KNF initiated administrative proceedings to impose a penalty on BGK under Article 176i.1.4 of the Polish Act on Trading in Financial Instruments in connection with the alleged infringement in 2023 of obligations resting on an entity that contributes input data to an administrator for the purposes of WIRON benchmark calculation. At the current stage of the proceedings, it is not possible to estimate whether any penalty will be imposed on BGK and it is not possible to make a reliable estimate of the amount of the potential penalty. To the best of BGK's knowledge, based on publicly available information, similar proceedings have been initiated against certain other banks in Poland who are contributors of input data to WIRON benchmark calculation.

If any irregularities are found by these supervisory authorities and BGK fails to remedy them, BGK may be exposed to sanctions, fines and other penalties as prescribed by the Act of 29 August 1997 - Banking Law (as amended) (the "**Banking Law**"). This could adversely affect the business, financial condition and results of operations of the Group.

Risks related to the replacement of WIBOR benchmark

Due to rising interest rates, which resulted in a significant increase in consumer mortgages instalments paid by Polish borrowers, the calculation methodology of WIBOR (as commonly used in loan agreements) has recently started to be questioned by the general public in Poland, and there have been calls for WIBOR to be replaced by an alternative benchmark.

On 7 July 2022, the Polish Parliament enacted the act on crowdfunding for business ventures and assistance to borrowers which, *inter alia*, granted the Minister of Finance the powers to issue regulations to determine a

substitute benchmark for WIBOR on the basis of the POLONIA rate pursuant to the recommendations of the Financial Stability Committee and the KNF. On 13 July 2022, the National Working Group for the Reform of Benchmarks (the “**National Working Group**”) was established, with representatives of the Ministry of Finance, the National Bank of Poland, the KNF, the Bank Guarantee Fund, the Polish Development Fund Group, the Warsaw Stock Exchange, the National Depository for Securities, BGK, GPW Benchmark, leading commercial banks, banks associating cooperative banks, investment fund management companies, insurance undertakings, and professional associations of financial market entities. The establishment of the National Working Group was with the aim to prepare a roadmap and a schedule of activities for a smooth and safe implementation of each element of a process leading to the WIBOR interest rate benchmark being replaced with a new benchmark. On 2 September 2022, the National Working Group selected WIRD (the Warsaw Deposit Market Index) as an alternative interest rate benchmark for WIBOR and to ultimately become the critical interest rate benchmark as defined in the EU Benchmarks Regulation, which is applied in financial contracts (e.g., credit agreements), financial instruments (e.g., debt securities or derivatives) and by investment funds (e.g. to determine the asset management fees). Subsequently, on 3 October 2022, the summary of the expected roadmap for the replacement of WIBOR and WIBID benchmarks with the WIRON index (the “**WIBOR Replacement Roadmap**”) was published by the National Working Group, which declared a change of the name of the alternative interest rate benchmark for WIBOR from WIRD to WIRON (the Warsaw Interest Rate Overnight), as developed and published by GPW Benchmark, in order to better reflect the characteristics of the critical interest rate benchmark (i.e. reliance on the data representing overnight transactions). In the updated WIBOR Replacement Roadmap, the National Working Group assumed that the benchmark reform in Poland will be completed by the end of 2027. Nevertheless, as the said benchmark reform is a sensitive social and political issue, the replacement of WIBOR may be accelerated.

As WIRON interest rates are generally expected to be lower than WIBOR, introducing WIRON as an alternative benchmark may lead to a decrease of BGK interest income under the loans in its portfolio. It may also create operational challenges associated with adapting BGK’s internal processes and settlement procedures to the new benchmark.

Interpretation of Polish tax law regulations may be unclear and Polish tax laws and regulations may change

The Polish tax system is subject to frequent changes. Some provisions of Polish tax law are ambiguous and often there is no unanimous or uniform interpretation of law or uniform practice by the tax authorities. Because of different interpretations of Polish tax law, the risk connected with Polish tax law may be greater than that under other tax jurisdictions in more developed markets. BGK cannot guarantee that the Polish tax authorities will not take a different, unfavourable, interpretation of tax provisions implemented by BGK or any Group member, which may have an adverse effect on the business, financial condition and results of operations of the Group.

RISKS RELATED TO THE NOTES

Risks related to any Guarantee of the Notes

Set out below is a brief description of the risks relating to any Guarantee of the Notes. Notes other than Guaranteed Notes will not benefit from any Guarantee of the Notes.

The scope of any Guarantee of the Notes will be limited

Each Tranche of Guaranteed Notes is subject to a separate Guarantee of the Notes, substantially in the form set out in this Offering Circular. Each Guarantee of the Notes will need to be authorised and/or approved by the State Treasury of the Republic of Poland on an issue-by-issue basis.

Each Guarantee of the Notes will be limited to 140 per cent. of the principal value of the relevant Tranche of Guaranteed Notes. Each Guarantee of the Notes will cover only the payment of the principal value of the relevant Tranche of Guaranteed Notes and accrued interest. A Guarantee of the Notes will not cover any default interest under such Guaranteed Notes or the Issuer's liability under related indemnities, including the currency indemnity. Therefore, it is possible that not all Noteholders' claims under the Guaranteed Notes will be satisfied by the Guarantor in full if these claims fall outside the scope of a Guarantee of the Notes.

Any Guarantee of the Notes will be limited in time

The period of the effectiveness of each Guarantee of the Notes will be limited such that each Guarantee of the Notes will expire on the day falling six months after the maturity date of the relevant Tranche of Guaranteed Notes. A claim brought by a Noteholder after the expiration of the relevant Guarantee of the Notes will not be satisfied under that Guarantee of the Notes.

Risks related to the structure of a particular issue of Notes

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

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser or other adviser) possible scenarios for economic, interest rate, legal and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A

potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to Notes which are linked to “benchmarks”

The Euro Interbank Offered Rate (“**EURIBOR**”) and other interest rates or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective while others are still to be implemented.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, in the EU. Regulation (EU) No. 2016/1011 as it forms part of the domestic law of the UK by virtue of the EUWA (the “**UK Benchmarks Regulation**”) applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, in the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation, or the UK Benchmarks Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the discontinuance or unavailability of quotes of certain “benchmarks”.

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

On 11 May 2021, the euro risk-free rate working group for the euro area published a set of guiding principles and high-level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 4 December 2023, the working group issued its final statement, announcing completion of its mandate, however, ESMA will continue to monitor developments in the EU benchmarks landscape.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Terms and Conditions of the Notes (as further described in Condition 7(j) (*Benchmark Discontinuation*)) and could result in adverse consequences for holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

In certain circumstances, the Conditions provide for fallback arrangements in the event that a relevant benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body. No consent of the Noteholders shall be required in connection with effecting any relevant successor rate or alternative rate (as applicable) or any other related adjustments described above. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. Moreover, any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

The consequences described above could have a material adverse effect on the value of and return on any such Floating Rate Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant benchmarks could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consult their own independent advisers and make their own assessment about the potential risks arising from the EU Benchmarks Regulation and/or the UK Benchmarks Regulation reforms or from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Notes subject to optional redemption by the Issuer

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

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

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the

secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

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

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally.

Modification and waiver

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

The conditions of the Notes also provide that the Notes, the Conditions, any Guarantee of the Notes and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or to give effect to modifications which is of a formal, minor or technical nature if to do so could not reasonably be expected to be prejudicial to the interests of Holders.

The Conditions applicable to Guaranteed Notes contain a “collective action” clause.

The Conditions applicable to Guaranteed Notes contain provisions regarding amendments, modifications and waivers, commonly referred to as “collective action” clauses. Such clauses permit defined majorities to bind all Noteholders of Guaranteed Notes, including Noteholders of Guaranteed Notes who did not vote and Noteholders of Guaranteed Notes who voted in a manner contrary to the majority.

The Issuer may issue debt securities which contain collective action clauses substantially in the same form as the collective action clauses in the Conditions applicable to Guaranteed Notes. If this occurs, then this could mean that the Guaranteed Notes would be capable of aggregation with any such other Debt Securities (as defined in the Conditions) which includes, among others, any other bills, bonds, debentures, notes or other debt securities issued or guaranteed by the Guarantor. This means that a defined majority of the holders of such Debt Securities (when taken in the aggregate) would be able to bind all holders of Debt Securities in all the relevant aggregated series, including the Guaranteed Notes.

Any modification or actions relating to Reserved Matters (as defined in the Conditions), including in respect of payments and other important terms, may be made to the Guaranteed Notes with the consent of the holders of 75 per cent. of the aggregate principal amount outstanding of the Guaranteed Notes present and voting at a quorate meeting, and to multiple series of Debt Securities containing a collective action clause substantially in the same form as the collective action clause in the Guaranteed Notes with the consent of both (i) the holders of 75 per cent. of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called and quorate meetings of all series being aggregated and (ii) the holders of 66 ²/₃ per cent. of the aggregate principal amount of the outstanding Debt Securities represented at separate duly called and quorate meetings of each series being aggregated.

In addition, there is a risk that the provisions allowing for aggregation across multiple debt securities may make the Guaranteed Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default (as defined in the Conditions applicable to Guaranteed Notes) or in a distress situation.

Such conditions of the Guaranteed Notes and/or the relevant Guarantee of the Notes may adversely affect the trading price of the relevant Guaranteed Notes.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially and adversely impact the value of any Notes affected by it.

Notes where denominations involve integral multiples: Definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Investors will have to rely on the procedures of DTC, Euroclear and Clearstream, Luxembourg

The Notes will be represented by the Global Notes or Global Registered Notes that may be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg or, in the case of the Restricted Global Registered Notes, may be deposited with, or registered in the name of, a nominee for DTC. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive Definitive Notes. Similarly, Individual Note Certificates will only be available in certain limited circumstances described in the Global Registered Notes. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Notes and Global Registered Notes (as applicable). While the Notes are represented by the Global Notes or Global Registered Notes, investors will be able to trade their beneficial interests only through DTC, Euroclear and Clearstream, Luxembourg (as applicable) and their respective participants.

Where the Notes will be represented by the Global Notes or Global Registered Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the bearer of a Global Note or the holder of a Global Registered Note. A holder of a beneficial interest in a Global Note or Global Registered Note must rely on the procedures of DTC, Euroclear and Clearstream, Luxembourg (as applicable) to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Registered Notes.

Holders of beneficial interests in the Global Notes or Global Registered Notes will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by DTC, Euroclear and Clearstream, Luxembourg and their respective participants (as applicable) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Registered Notes will not have a direct right under the Global Notes or Global Registered Notes to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Enforceability of Judgments

The United Kingdom and Poland are parties to the Hague Convention (as defined in “*Enforceability of Judgments*” below). A judgment obtained in the United Kingdom would not be recognised or enforced under the Hague Convention under certain circumstances. The Polish Civil Procedure Code provides special rules concerning enforcement of claims against the Guarantor. Noteholders seeking to enforce an English court judgment against the Issuer or the Guarantor may need to rely on Polish civil procedures rules for the

recognition and enforcement of any such judgment in Poland. A Polish court may refuse to declare enforceable a judgment issued against the Issuer or the Guarantor in an English court in case the obstacles listed in the Hague Convention exist. In addition, it may not be possible for investors in the Notes to effect service of process in jurisdictions outside the United States against the Issuer, its directors or the Guarantor or to enforce, in original actions or in actions for enforcement brought in jurisdictions located outside the United States, judgments of U.S. courts or civil liabilities predicated upon U.S. federal securities laws.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

The secondary market generally

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

Exchange rate risks and exchange controls

The Issuer and (if the Notes are Guaranteed Notes) the Guarantor will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Inflation risk

Inflation risk is the risk of future depreciation of money. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Note. If the inflation rate is equal to or higher than the nominal yield of the Note, the real yield is zero or even negative and the investors may receive no or negative returns on the Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the assigning rating agency at any time.

Legal investment considerations may restrict certain investments

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

ENFORCEABILITY OF JUDGMENTS

The Issuer is a state bank incorporated under the laws of Poland. None of the directors or executive officers of the Issuer is a resident of the United States or United Kingdom, and all or a substantial portion of the assets of the Issuer and such persons, as well as the Guarantor, are located outside the United States and United Kingdom. As a result, it may not be possible for investors to effect service of process within the United States or United Kingdom upon the Issuer, such persons or the Guarantor or to enforce against any of them in the United States or United Kingdom courts judgments obtained in US or UK courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

The United Kingdom and Poland (as a member state of the European Union) are parties to the Hague Convention of 30 June 2005 on Choice of Court Agreements (the “**Hague Convention**”). The provisions of the Hague Convention will apply to the exclusive jurisdiction clause in the Terms and Conditions of the Notes and the Guarantee of the Notes and to the grounds for recognition and enforcement of judgments obtained in the courts of the United Kingdom in respect of the Guarantee of the Notes and/or the Notes. Recognition or enforcement of a UK court judgment may be refused only on the grounds specified in the Hague Convention.

A judgment obtained in the United Kingdom as a result of the exclusive jurisdiction clause in the Terms and Conditions of the Notes and the Guarantee of the Notes would not be recognised or enforced under the Hague Convention, inter alia, if a) the agreement was null and void under the law of the state of the chosen court, unless the chosen court has determined that the agreement is valid; b) a party lacked the capacity to conclude the agreement under the law of the requested state; c) the document which instituted the proceedings or an equivalent document, including the essential elements of the claim: i) was not notified to the defendant in sufficient time and in such a way as to enable him to arrange for his defence, unless the defendant entered an appearance and presented his case without contesting notification in the court of origin, provided that the law of the state of origin permitted notification to be contested; or ii) was notified to the defendant in the requested state in a manner that is incompatible with fundamental principles of the requested state concerning service of documents; d) the judgment was obtained by fraud in connection with a matter of procedure; e) recognition or enforcement would be manifestly incompatible with the public policy of the requested state, including situations where the specific proceedings leading to the judgment were incompatible with fundamental principles of procedural fairness of that state; f) the judgment is inconsistent with a judgment given in the requested state in a dispute between the same parties; or g) the judgment is inconsistent with an earlier judgment given in another state between the same parties on the same cause of action, provided that the earlier judgment fulfils the conditions necessary for its recognition in the requested state. The Polish Code of Civil Procedure also provides for a limited list of obstacles that prevent a recognition of a judgment or a declaration of its enforcement, however, as commonly accepted, the conditions set forth in the Hague Convention, where applicable, take precedence.

Under the Hague Convention, the procedure for recognition, declaration of enforceability or registration for enforcement, and the enforcement of the judgement, are governed by the law of the state where recognition or enforcement is requested to take place unless the Hague Convention provides otherwise. According to the Hague Convention, a judgment given in the United Kingdom will be recognised only if it has effect in the United Kingdom, and will be enforced only if it is enforceable in the United Kingdom. Subject to these requirements a judgment given in the United Kingdom under the Hague Convention will be automatically recognizable in Poland, as well as after they are declared enforceable by a Polish court (recognition of a foreign judgment in Poland does not automatically bring about its enforcement).

Outside the scope of the exclusive jurisdiction clause in the Terms and Conditions of the Notes and the Guarantee of the Notes, a judgment given by a court in the United Kingdom will be also automatically recognizable as well as enforceable upon the same procedure requiring the judgment to be enforceable in the United Kingdom and a separate declaration of enforceability by a Polish court. In such cases the limited grounds for refusal of recognition and enforcement of the foreign judgment are governed by the Polish Code of Civil Procedure (*Kodeks postępowania cywilnego*). Pursuant to Article 1146(1) and Article 1150 of the Polish Code of Civil Procedure, a judgment issued by a foreign court will not be recognized or enforced if:

- (i) it is not legally final and binding in the state where it was issued;
- (ii) it was issued in a case subject to the exclusive jurisdiction of Polish courts;
- (iii) the defendant, who did not engage in dispute as to the essence of the case, has not received, duly and at a time making it possible to undertake defence, the letter initiating the proceedings;
- (iv) a party was deprived of the possibility to defend itself in the course of proceedings;
- (v) a case for the same claim between the same parties had been pending in Poland earlier than before the foreign court;
- (vi) it is contrary to an earlier legally final and binding judgment of a Polish court or an earlier legally final and binding judgment of a foreign court complying with the conditions of its recognition in Poland issued in a case for the same claim between the same parties; or
- (vii) recognition would be contrary to the basic principles of public policy in Poland.

Reciprocity in the recognition of judgments between Poland and the foreign court's country is not necessary.

Subject to the above, if all the relevant conditions are met, the enforceability in Poland of final judgments of the courts of the United Kingdom would not require retrial in Poland. However, a Polish court would need to issue an order declaring the foreign judgment enforceable in Poland. Such an order is subject to an appeal and a cassation appeal to the Supreme Court.

The Guarantor is a sovereign State. Consequently, it may be difficult for investors to obtain or enforce judgments of courts in the United States against the Guarantor. The Guarantor will irrevocably submit to the jurisdiction of the courts in United Kingdom, and will irrevocably waive any immunity from the jurisdiction (including sovereign immunity but not all immunity from execution or attachment or process in the nature thereof) of such courts and any objection to venue, in connection with any action arising out of or based upon the Notes brought by any holder of the Notes.

The Guarantor reserves the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976 (the “**Immunities Act**”) with respect to actions brought against it under U.S. federal securities laws or any state securities laws. In the absence of a waiver of immunity by Poland with respect to such action, it would not be possible to obtain a U.S. judgment in such an action against the Guarantor unless a court were to determine that the Guarantor is not entitled under the Immunities Act to sovereign immunity with respect to such action. The enforceability in Poland of final judgments of U.S. courts, including those obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws, will be subject to the rules governing enforcement in Poland of civil judgments of foreign courts specified in the Polish Code of Civil Procedure.

The Immunities Act may also provide a means for limited execution upon such property of the Guarantor in the United States as is related to the service or administration of the Guarantee under the Notes. The Guarantor does not waive any immunity in respect of property which is ambassadorial or consular property or buildings or the contents thereof, in each case situated outside Poland, or any bank accounts of such embassies or consulates, in each case necessary for proper ambassadorial and consular functions, or any military property or assets of Poland nor does it waive immunity from execution or attachment or process in the nature thereof.

Under the laws of Poland, subject to certain exceptions set out in the Vienna Convention on Diplomatic Relations signed in 1961, the Vienna Convention on Consular Relations signed in 1963 or involving military property or military assets of the Guarantor, assets of the Guarantor are not immune from enforcement whether before or after judgment. The Polish Civil Procedure Code (Kodeks postępowania cywilnego) provides special rules concerning attachments and enforcement of claims against the Guarantor. Among other provisions, the attachment of pecuniary claims against the Guarantor is generally impermissible. In addition, the enforcement of pecuniary claims against the Guarantor may be made solely against the bank accounts of the public entity representing the Guarantor. The enforcement must be preceded by a notice demanding the payment of claims. As of the date of this Offering Circular, the Minister of Finance represents the Guarantor in respect of the

Guarantee of the Notes and the relevant bank accounts include, without limitation, the central budget current account as defined in Article 196(1)(1) of the Act dated 27 August 2009 on Public Finance.

In additions, in original actions brought before Polish courts, there is doubt as to the enforceability of liabilities based on the U.S. federal securities laws.

FORWARD LOOKING STATEMENTS

This Offering Circular (including the information incorporated by reference into this Offering Circular) contains statements which are, or may be deemed to be, “forward looking statements” which are prospective in nature. All statements other than statements of historical fact are forward looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward looking statements can be identified by the use of forward looking words such as “plans”, “expects”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, “targets”, “aims”, “projects” or words or terms of similar substance or the negative thereof, as well as variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Issuer’s operations; (iii) plans with respect to the implementation of economic policy, and the pace of economic and legal reforms; (iv) expectations about the behaviour of the economy if certain economic policies are implemented; and (v) the outlook for inflation, exchange rates, interest rates, foreign investment, trade and fiscal accounts.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of the Group to differ materially from the expectations of the Group include, among other things, development of the Polish economy, inflation and interest rates. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under Risk Factors.

These forward-looking statements speak only as of the date on which they are made. The Issuer and the Guarantor expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer’s or the Guarantor’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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 persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

RATINGS

As of the date of this Offering Circular, the following credit ratings have been assigned to the Issuer:

Rating Agency	Foreign Currency		Local currency	
	Long-term	Short-term	Long-term	Short-term
Moody's Investors Service Cyprus Ltd.	A2	P-1	A2	P-1
Fitch Ratings Ireland Limited	A-	F1	A-	F1+

Source: BGK

As of the date of this Offering Circular, the following credit ratings have been assigned to the Guarantor:

Rating Agency	Foreign Currency		Local Currency	
	Long-term	Short-term	Long-term	Short-term
Fitch Ratings Ireland Limited.....	A-	F1	A-	F1
Moody's Deutschland GmbH.....	A2	P-1	A2	P-1
S&P Global Ratings Europe Limited	A-	A-2	A	A-1

Source: BGK

Fitch Ratings Ireland Limited is established in Dublin, Ireland, Moody's Deutschland GmbH is established in Frankfurt, Germany, Moody's Investors Service Cyprus Ltd. is established in Limassol, Cyprus, and S&P Global Ratings Europe Limited is established in Dublin, Ireland. Fitch Ratings Ireland Limited, Moody's Deutschland GmbH, Moody's Investors Service Cyprus Ltd. and S&P Global Ratings Europe Limited are all established in the EEA and registered under Regulation (EC) No. 1060/2009, as amended (the "**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 Issuer or to Notes already issued. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (A) (i) issued by a credit rating agency established in the EEA and registered under the CRA Regulation, (ii) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (iii) issued by a credit rating agency which is not established in the EEA but which is certified in accordance with the CRA Regulation, and/or (B) (i) issued by a credit rating agency established in the UK and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of the domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"), (ii) issued by a credit rating agency which is not established in the UK but will be endorsed by a credit rating agency which is established in the UK and registered under the UK CRA Regulation or (iii) issued by a credit rating agency which is not established in the UK but which is certified in accordance with the UK CRA Regulation, will in each case be disclosed in the relevant Final Terms.

ESMA is obliged to maintain on its website, www.esma.europa.eu/supervision/credit-rating-agencies/risk, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within 5 working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. The ESMA website is not incorporated by reference into, nor does it form part of, this Offering Circular.

Prospective investors who are European regulated investors (including credit institutions as defined in Directive 2013/36/EU (as amended), investment firms as defined in MiFID II, undertakings for collective investment in transferable securities (UCITS) as defined in Directive 2009/65/EC and institutions for occupational retirement provision as defined in Directive (EU) 2016/2341) should note that, in general, they are restricted from using a credit rating (as such term is defined in the CRA Regulation) for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the 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 CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA but which is certified under the CRA Regulation.

Prospective investors who are UK regulated investors (including credit institutions as defined in Directive 2013/36/EU (as it forms part of domestic law of the UK by virtue of the EUWA), investment firms as defined

in Directive 2014/65/EU (as it forms part of the domestic law of the UK by virtue of the EUWA), undertakings for collective investment in transferable securities (UCITS) as defined in Directive 2009/65/EC (as it forms part of the domestic law of the UK by virtue of the EUWA) and institutions for occupational retirement provision as defined in Directive (EU) 2016/2341 (as it forms part of the domestic law of the UK by virtue of the EUWA) should note that, in general, they are restricted from using a credit rating (as such term is defined in the UK CRA Regulation) 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 but which is certified under the UK CRA Regulation.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in any secondary market.

A credit 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 Offering Circular 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 Offering Circular, provided, however, that any statement contained in this Offering Circular or in any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in any supplement to this Offering Circular 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 Offering Circular except as so modified or superseded.

The Issuer will, at the specified offices of the Paying Agents, provide, free of charge, upon oral or written request, a copy of this Offering Circular (or any document incorporated by reference in this Offering Circular). Written or oral requests for such documents should be directed to the specified office of any Paying Agent or the specified office of the Listing Agent in Luxembourg.

The following information shall be deemed to be incorporated in, and to form part of, this Offering Circular:

1. the audited consolidated financial statements of BGK for the financial year ended 31 December 2023 (“**2023 Consolidated Financial Statements**”)

([https://www.en.bgk.pl/files/public/en/files/Financial_statement/2024 - consolidated/SSF GK BGK 2023-12-31 EN.pdf](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2024_-_consolidated/SSF_GK_BGK_2023-12-31_EN.pdf));

Section	Page number
Consolidated statement of profit or loss	4
Consolidated statement of comprehensive income.....	4
Consolidated statement of financial position.....	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements.....	8 – 120

2. the opinion and report of the auditor concerning the consolidated financial statements of BGK for the financial year ended 31 December 2023

([https://www.en.bgk.pl/files/public/en/files/Financial_statement/2024 - financial statement/Independent Auditor s report on the Audit of Annual Consolidated Financial Statements of the Group of BGK.pdf](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2024_-_financial_statement/Independent_Auditor_s_report_on_the_Audit_of_Annual_Consolidated_Financial_Statements_of_the_Group_of_BGK.pdf));

3. the audited consolidated financial statements of BGK for the financial year ended 31 December 2022 (“**2022 Consolidated Financial Statements**”)

([https://www.en.bgk.pl/files/public/en/files/Financial_statement/2022 - Financial statement/SSF GK BGK 2022-12-31 EN.pdf](https://www.en.bgk.pl/files/public/en/files/Financial_statement/2022_-_Financial_statement/SSF_GK_BGK_2022-12-31_EN.pdf));

Section	Page number
Consolidated statement of profit or loss	4
Consolidated statement of comprehensive income.....	4
Consolidated statement of financial position.....	5
Consolidated statement of changes in equity	6 – 7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements.....	9 – 122

4. the opinion and report of the auditor concerning the consolidated financial statements of BGK for the financial year ended 31 December 2022

(https://www.en.bgk.pl/files/public/en/files/Financial_statement/Sprawozdanie_niezaleznego_bieglego_rewidenta_EN_GK_2022.pdf);

5. the audited consolidated financial statements of BGK for the financial year ended 31 December 2021 (“**2021 Consolidated Financial Statements**”)

(https://www.en.bgk.pl/files/public/en/files/Financial_statement/2021_-_consolidated/SSF_GK_BGK_2021-12-31_EN.pdf);

Section	Page number
Consolidated statement of profit or loss	4
Consolidated statement of comprehensive income.....	4
Consolidated statement of financial position.....	5
Consolidated statement of changes in equity	6 – 7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements.....	9 – 134

6. the opinion and report of the auditor concerning the consolidated financial statements of BGK for the financial year ended 31 December 2021

(https://www.en.bgk.pl/files/public/en/files/Financial_statement/Sprawozdanie_niezaleznego_bieglego_rewidenta_EN_GK_2021.pdf);

7. the audited standalone financial statements of the Issuer for the financial year ended 31 December 2023 (the “**2023 Standalone Financial Statements**”)

(https://www.en.bgk.pl/files/public/en/files/Financial_statement/2024_-_financial_statement/SF_BGK_2023-12-31_EN.pdf);

Section	Page number
Statement of profit or loss	4
Statement of comprehensive income.....	4
Statement of financial position.....	5
Statement of changes in equity	6
Statement of cash flows.....	7
Notes to the financial statements	8 – 117
Statements of Funds established under separate legislation for the financial year from 1 January to 31 December 2023	118 (1) – 167 (50)

8. the opinion and report of the auditor concerning the standalone financial statements of the Issuer for the financial year ended 31 December 2023

(https://www.en.bgk.pl/files/public/en/files/Financial_statement/2024_-_financial_statement/Independent_Auditor_s_report_on_the_Audit_of_Annual_Financial_Statements_of_BGK.pdf);

9. the audited standalone financial statements of the Issuer for the financial year ended 31 December 2022 (the “**2022 Standalone Financial Statements**”)

(https://www.en.bgk.pl/files/public/en/files/Financial_statement/2022_-_Financial_statement/SF_BGK_2022-12-31_EN.pdf);

Section	Page number
Statement of profit or loss	4
Statement of comprehensive income.....	4
Statement of financial position.....	5
Statement of changes in equity	6
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Section	Page number
Statements of Funds established under separate legislation for the financial year from 1 January to 31 December 2022	119 (1) – 167 (49)

10. the opinion and report of the auditor concerning the standalone financial statements of the Issuer for the financial year ended 31 December 2022

(https://www.en.bgk.pl/files/public/en/files/Financial_statement/Sprawozdanie_niezalezneho_bieglego_rewidenta_EN_Bank_2022.pdf);

11. the audited standalone financial statements of the Issuer for the financial year ended 31 December 2021 (the “**2021 Standalone Financial Statements**”)

(https://www.en.bgk.pl/files/public/en/files/Financial_statement/2021_Financial_statement/SF_BGK_2021-12-31_EN.pdf);

Section	Page number
Statement of profit or loss	4
Statement of comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6 – 7
Statement of cash flows	8
Notes to the financial statements	9 – 125
Statements of Funds established under separate legislation for the financial year from 1 January to 31 December 2021	126 (1) to 162 (37)

12. the opinion and report of the auditor concerning the standalone financial statements of the Issuer for the financial year ended 31 December 2021

(https://www.en.bgk.pl/files/public/en/files/Financial_statement/Sprawozdanie_niezalezneho_bieglego_rewidenta_EN_Bank_2021.pdf);

13. for Guaranteed Notes only, the following sections relating to the Guarantor contained in the Prospectus accompanying the Prospectus Supplement of the State Treasury of the Republic of Poland dated 11 March 2024

(<https://dl.luxse.com/dlp/10dfe82ca2945c450c934747a844b4032f>):

- The Republic of Poland (pages 2 – 12);
- The Economy (pages 13 – 17);
- Balance of Payments and Foreign Trade (pages 18 – 22);
- Monetary and Financial System (pages 23 – 30);
- Public Finance (pages 31 – 41);
- Public Debt (pages 42 – 46); and
- Total External Debt (pages 47 – 48);

14. the terms and conditions set out on pages 22 to 44 of the offering circular dated 4 May 2016 relating to the Programme under the heading “*Terms and Conditions of the Notes*”

(https://www.en.bgk.pl/files/public/Pliki/informacje/Emisje_obligacji_BGK/Dokumenty_emisyjne/OC_06.2016.pdf);

15. the terms and conditions set out on pages 22 to 44 of the offering circular dated 24 October 2017 relating to the Programme under the heading “*Terms and Conditions of the Notes*”
https://www.en.bgk.pl/files/public/Pliki/informacje/Emisje_obligacji_BGK/Dokumenty_emisyjne/Base-Prospectus-2017-10-24.pdf);
 16. the terms and conditions set out on pages 23 to 45 of the offering circular dated 14 May 2018 relating to the Programme under the heading “*Terms and Conditions of the Notes*”
https://www.en.bgk.pl/files/public/Pliki/informacje/Emisje_obligacji_BGK/Dokumenty_emisyjne/Base-Prospectus-2018-05-14.pdf);
 17. the terms and conditions set out on pages 39 to 64 of the offering circular dated 22 December 2020 relating to the Programme under the heading “*Terms and Conditions of the Notes*”
https://www.en.bgk.pl/files/public/Pliki/informacje/Emisje_obligacji_BGK/Dokumenty_emisyjne/BGK_EMTN_-_Offering_Circular_12.2020.pdf);
 18. the terms and conditions set out on pages 40 to 68 of the offering circular dated 23 December 2021 relating to the Programme under the heading “*Terms and Conditions of the Notes*”
https://www.en.bgk.pl/files/public/Pliki/informacje/Emisje_obligacji_BGK/Dokumenty_emisyjne/BGK_EMTN_-_Offering_Circular_-_12.2021.pdf);
 19. the terms and conditions set out on pages 57 to 88 of the offering circular dated 16 December 2022 relating to the Programme under the heading “*Terms and Conditions of the Notes*”
https://www.en.bgk.pl/files/public/Pliki/informacje/Emisje_obligacji_BGK/Dokumenty_emisyjne/BGK_MTN_Base-Prospectus-12.2022.pdf);
- and
20. the terms and conditions set out on pages 59 to 90 of the offering circular dated 8 May 2023 relating to the Programme under the heading “*Terms and Conditions of the Notes*”
https://www.en.bgk.pl/files/public/Pliki/informacje/Emisje_obligacji_BGK/Dokumenty_emisyjne/BGK_-_MTN_2023_-_Offering_Circular.pdf).

For the purposes of Article 19(1) of the Prospectus Regulation, any information not incorporated by reference in this Offering Circular, which, for the avoidance of doubt means any information not indicated in the cross-reference list above, but contained in one of the documents listed above is either deemed not relevant for an investor or is otherwise covered elsewhere in this Offering Circular and, for the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the Issuer’s website does not form part of this Offering Circular.

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

Hyperlinks of websites referred to in the Offering Circular are exclusively for information purposes. Information on such websites does not form part of the Offering Circular and has not been scrutinised or approved by the CSSF, unless such information is incorporated by reference in the Offering Circular.

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note, without interest coupons, or a Permanent Global Note, without interest coupons, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in NGN 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 Euroclear and/or Clearstream, Luxembourg 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 deposited on or around the issue date of the relevant Tranche of the Notes with 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, however*, that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will 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 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (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 (taking into account any unilateral right to extend or rollover), 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, on or after the date that is 40 days after the issue date of the relevant Tranche of the Notes (the “**Exchange Date**”) upon certification as to non-U.S. beneficial ownership. Prior to the Exchange Date, no payment of interest will be made on any Temporary Global Note absent certification as to non-U.S. beneficial ownership. No payments of interest will be made under the Temporary Global Note on or after the Exchange Date unless exchange for interests in the Permanent Global Note is improperly withheld or refused.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a 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:

- presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by 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 Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

- a) the 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 the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- b) the 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 the 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) 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 due date (in the case of (b) 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 the Deed of Covenant).

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form (“**Definitive Notes**”):

- a) on the expiry of such period of notice as may be specified in the Final Terms; or
- b) at any time, if so specified in the Final Terms; or
- c) if the Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if either of the following events occurs:
 - i) Euroclear or Clearstream, Luxembourg or 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
 - ii) any of the circumstances described in Condition 13 (*Events of Default*).

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer 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 Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- c) the Permanent 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 the Permanent 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 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 5.00p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (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 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).

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 on or after the date that is 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 on or after the date that is 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. No payments will be made under the Temporary Global Note unless exchange for Definitive Notes is improperly withheld or refused.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer 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 to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or
- b) the 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 the 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 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 Definitive Notes) will become void at 5.00p.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 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 the Deed of Covenant).

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:

- a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- b) at any time, if so specified in the relevant Final Terms; or
- c) if the relevant Final Terms specifies “in the limited circumstances described in the “Permanent Global Note”, then if either of the following events occurs:

- i) Euroclear or Clearstream, Luxembourg or 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
- ii) any of the circumstances described in Condition 13 (Events of Default).

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer 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 Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- b) the Permanent 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 the Permanent 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 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).

In relation to any issue of Notes which are specified in the Final Terms as Global Notes exchangeable for Definitive Notes in circumstances other than in the limited circumstances specified in the relevant Global Note, such Notes may only be issued in denominations equal to, or greater than, EUR100,000 (or equivalent) and multiples thereof.

Exchanges of Notes and Specified Denomination

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 Global Note exchangeable for Definitive Notes.

Rights under Deed of Covenant

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or 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 Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

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 “*Overview of Provisions Relating to the Notes while in Global Form*” below.

Legend concerning United States persons

In the case of any Tranche of Bearer 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.”

Registered Notes

Each Tranche of Registered Notes that are Unrestricted Notes will be in the form of either individual note certificates in registered form (“**Individual Unrestricted Note Certificates**”) or represented by an Unrestricted Global Registered Note, in each case as specified in the relevant Final Terms. Each Tranche of Registered Notes that are Restricted Notes will be in the form of either individual note certificates in registered form (“**Individual Restricted Note Certificates**”) or represented by a Restricted Global Registered Note, in each case as specified in the relevant Final Terms.

In a press release dated 22 October 2008, “*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*”, the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the NSS would be in compliance with the “*Standards for the use of EU securities settlement systems in ESCB credit operations*” of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Unrestricted Global Registered Note will either be: (a) in the case of a Note which is not to be held under the NSS, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Registered Note will be deposited on or about the relevant issue date with the common depositary and will be exchangeable for Individual Unrestricted Note Certificates in accordance with its terms; or (b) in the case of a Note to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Registered Note will be deposited on or about the relevant issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Unrestricted Note Certificates in accordance with its terms.

Each Restricted Global Registered Note will be deposited on the relevant issue date with (a) and registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg (in the case of a Note which is not to be held under the NSS), (b) and registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg (in the case of a Note to be held under the NSS) or (c) a custodian for, and registered in the name of, Cede & Co. as nominee for, the DTC, and will be exchangeable for Individual Restricted Note Certificates in accordance with its terms.

If the relevant Final Terms specifies the form of Notes as being “Individual Unrestricted Note Certificates” or “Individual Restricted Note Certificates”, then the Notes will at all times be in the form of the applicable Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Unrestricted Global Registered Notes

If the relevant Final Terms specifies the form of Notes as being “Unrestricted Global Registered Note exchangeable for Individual Unrestricted Note Certificates”, then the Notes will initially be in the form of an Unrestricted Global Registered Note which will be exchangeable in whole, but not in part, for Individual Unrestricted Note Certificates:

- a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- b) at any time, if so specified in the relevant Final Terms; or
- c) if the relevant Final Terms specifies “in the limited circumstances described in the Unrestricted Global Registered Note”, then if either of the following events occurs:
 - i) Euroclear or Clearstream, Luxembourg or 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
 - ii) any of the circumstances described in Condition 13 (*Events of Default*).

Whenever the Unrestricted Global Registered Note is to be exchanged for Individual Unrestricted Note Certificates, the Issuer shall procure that Individual Unrestricted Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Unrestricted Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Unrestricted Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Unrestricted Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Unrestricted Note Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Unrestricted Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- a) Individual Unrestricted Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Unrestricted Global Registered Note; or
- b) any of the Notes represented by an Unrestricted Global Registered 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 holder of the Unrestricted Global Registered Note in accordance with the terms of the Unrestricted Global Registered Note on the due date for payment,

then the Unrestricted Global Registered Note (including the obligation to deliver Individual Unrestricted Note Certificates) 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 holder of the Unrestricted Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Unrestricted Global Registered Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Unrestricted Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Unrestricted Global Registered Note became void, they had been the holders of Individual Unrestricted Note

Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

In relation to any issue of Notes which are specified in the Final Terms as Unrestricted Global Registered Note exchangeable for Individual Unrestricted Note Certificates in circumstances other than in the limited circumstances specified in the relevant Unrestricted Global Registered Note, such Notes may only be issued in denominations equal to, or greater than, EUR 100,000 (or equivalent) and multiples thereof.

In respect of Notes which are not Guaranteed Notes, prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to such Notes, beneficial interests in an Unrestricted Global Registered Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in “*Clearing and Settlement—Transfers of Registered Notes*” and such Unrestricted Global Registered Note will bear a legend regarding such restrictions on transfer.

Restricted Global Registered Notes

If the relevant Final Terms specifies the form of Notes as being “Restricted Global Registered Note exchangeable for Individual Restricted Note Certificates”, then the Notes will initially be in the form of a Restricted Global Registered Note which will be exchangeable in whole, but not in part, for Individual Restricted Note Certificates if the relevant Final Terms specifies “in the limited circumstances described in the Restricted Global Registered Note”, then if any of the following events occurs:

- a) if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or any other relevant clearing system (except for DTC) and such 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) if such Notes are held on behalf of a custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Registered Note or DTC ceases to be a “clearing agency” registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- c) any of the circumstances described in Condition 13 (*Events of Default*).

Whenever the Restricted Global Registered Note is to be exchanged for Individual Restricted Note Certificates, the Issuer shall procure that Individual Restricted Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Restricted Global Registered Note within five business days of the delivery by or on behalf of the registered holder of the Restricted Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Restricted Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Restricted Note Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Restricted Global Registered Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- a) Individual Restricted Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Restricted Global Registered Note; or
- b) any of the Notes represented by a Restricted Global Registered 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 holder of the Restricted Global Registered Note in accordance with the terms of the Restricted Global Registered Note on the due date for payment,

then the Restricted Global Registered Note (including the obligation to deliver Individual Restricted Note Certificates) 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 holder of the Restricted Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Restricted Global Registered Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear, Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system as being entitled to an interest in a Restricted Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Restricted Global Registered Note became void, they had been the holders of Individual Restricted Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream, Luxembourg and/or DTC and/or any other relevant clearing system. Individual Restricted Note Certificates issued in exchange for a beneficial interest in a Restricted Global Registered Note shall bear the legend applicable to such Notes as set out under “*Transfer Restrictions*”.

In relation to any issue of Notes which are specified in the Final Terms as Restricted Global Registered Note exchangeable for Individual Restricted Note Certificates in circumstances other than in the limited circumstances specified in the relevant Restricted Global Registered Note, such Notes may only be issued in denominations equal to, or greater than, U.S.\$200,000 (or equivalent) and multiples thereof.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed 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 “Overview of Provisions Relating to the Notes while in Global Form” below.

1. Introduction

- a) *Programme:* Bank Gospodarstwa Krajowego (the “**Issuer**”) has established a Medium Term Note Programme (the “**Programme**”) for the issuance of up to EUR 25,000,000,000 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 a final terms (the “**Final Terms**”) which completes these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed 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 issue and paying agency agreement dated 16 December 2022 (the “**Agency Agreement**”) between the Issuer, Citibank Europe plc, Dublin Branch as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), Citigroup Global Markets Europe AG as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), the transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the exchange agent named therein (the “**Exchange Agent**”). In these Conditions references to the “**Agents**” are to the Paying Agents, the Transfer Agents and the Exchange Agent and any reference to an “**Agent**” is to any one of them.
- d) *Guarantee:* If specified in the relevant Final Terms, the State Treasury of the Republic of Poland (the “**Guarantor**”) will guarantee the obligations of the Issuer under and in relation to the Notes (the “**Guaranteed Notes**”) in a guarantee to be entered into in respect of each Tranche of Notes, the date of which will be specified in the relevant Final Terms, (the “**Guarantee of the Notes**”) and which shall be substantially in the form set out in the most recently published offering circular as at the Issue Date of the first Tranche of the Guaranteed Notes of the relevant Series.
- e) *Deed of Covenant:* The Notes may be issued in bearer form (“**Bearer Notes**”), or in registered form (“**Registered Notes**”). Registered Notes are constituted by a deed of covenant dated 16 December 2022 (the “**Deed of Covenant**”) entered into by the Issuer, which also grants direct rights to Accountholders (as defined in the Deed of Covenant) in certain circumstances.
- f) *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 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.
- g) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement, the Guarantee of the Notes and the Deed of Covenant and are subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”) 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, Guarantee of the Notes (if applicable) and the Deed of

Covenant applicable to them. Copies of the Agency Agreement, Guarantee of the Notes (if applicable) and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. Interpretation

a) *Definitions:* In these Conditions the following expressions have the following meanings:

“**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;

“**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:

- a) if **“Actual/Actual (ICMA)”** is so specified, means:
- i) 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
 - ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - A. 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
 - B. the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- b) 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);
- c) if **“Actual/365 (Fixed)”** is so specified, means the actual number of days in the Calculation Period divided by 365;
- d) if **“Actual/360”** is so specified, means the actual number of days in the Calculation Period divided by 360;
- e) if **“30/360”** is so specified, 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;

- f) if “**30E/360**” or “**Eurobond Basis**” is so specified, 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

- g) if “**30E/360 (ISDA)**” is so specified, 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,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“**Early Redemption Amount (Tax)**” 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;

“**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;

“**External Indebtedness**” means any indebtedness expressed or denominated or payable, or which at the option of the relevant creditor or holder thereof may be payable, in any currency other than the lawful currency from time to time of the Republic of Poland;

“**Extraordinary Resolution**” has the meaning given in the Agency Agreement;

“**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;

“**Holder**”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

“**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:

- a) 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 other than the FRN Convention, Floating Rate Convention or Eurodollar Convention is specified in the relevant Final Terms) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- b) 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;

“**ISDA Definitions**” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

“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;

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

“Noteholder”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

“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 of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

“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 Relevant 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 Relevant External Indebtedness incurred in connection with any Project Financing *provided, however, 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 right of priority to revenues from or assets of a project financed from the issuance of revenue bonds, in particular revenue bonds (*obligacje przychodowe*) issued under the Act dated 29 June 1995 on Bonds or the Act dated 15 January 2015 on Bonds (or any legislation replacing this act), granted to the holders of such revenue bonds; or
- vi) the renewal or extension of any Security Interest described in subparagraphs i) to v) above, *provided, however, that* the principal amount of the Relevant External Indebtedness secured thereby is not increased;

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

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency *provided, however, that* in relation to euro, it means the principal financial centre of such Member State of the European Union 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;

“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;

“Record Date” has the meaning given in Condition 11 (*Payments – Registered Notes*);

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), 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” means four major banks selected by the Issuer 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; the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 7(j) (*Benchmark Discontinuation*), include any Successor Rate or Alternative Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate or Alternative Rate, also include any further Successor Rate or further Alternative Rate;

“Register” means the register maintained in accordance with Condition 3(d) (*Form, Denomination, Title and Transfer*);

“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 in the Principal Financial Centre of the currency of payment 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 External Indebtedness” means any obligation incurred after 1945 for borrowed money (A) evidenced by bonds, notes or other securities which are or are intended to 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 of Poland;

“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;

“Reserved Matter” has the meaning given in the Agency Agreement;

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

“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;

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system;

“**Talon**” means a talon for further Coupons;

“**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 or (if applicable) the Guarantee of the Notes shall be construed as a reference to the Agency Agreement or the Guarantee of the Notes, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination, Title and Transfer

- a) *Bearer Notes:* Bearer Notes are 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 Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, “**Holder**” means the holder of such Bearer Note and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.
- c) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- d) *Title to Registered Notes:* The Registrar will maintain a register (the “**Register**”) in accordance with the provisions of the Agency Agreement. A certificate (each, a “**Note Certificate**”) will be issued to

each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the Person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.

- e) *Ownership*: 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, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) 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.
- f) *Transfers of Registered Notes*: Subject to paragraphs i) (*Closed periods*) and j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- g) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount of the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- h) *No charge*: The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, Registrar or (as the case may be) Transfer Agent may require in respect of) any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- i) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- j) *Regulations concerning transfers and registration*: All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. Status and Guarantee

- a) *Status of the Notes*: The Notes constitute direct, general, unconditional and (subject to Condition 5(a) (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated

obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

- b) *Guarantee of the Notes*: If the Notes are Guaranteed Notes, the Guarantor has in the Guarantee of the Notes unconditionally and irrevocably guaranteed the due and punctual payment of principal and accrued interest payable by the Issuer in respect of the Guaranteed Notes. The Guarantee of the Notes constitutes a direct, general, unconditional and (subject to clause 5 (*Negative Pledge*) of the relevant Guarantee of the Notes) unsecured obligation of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated External Indebtedness of the Guarantor, *provided further* that the Guarantor shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due under the Guarantee of the Notes and vice versa.

5. Covenants

So long as any Note remains outstanding (as defined in the Agency Agreement):

- a) *Negative pledge*: the Issuer shall not create or permit to arise or subsist any Security Interest (other than a Permitted Security Interest) upon any of the Issuer's assets or revenues, present or future, to secure any Relevant External Indebtedness of the Issuer unless, at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and rateably therewith or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution of Noteholders.
- b) *Provision of Information*: the Issuer will, during any period in which it is neither subject to section 13 or 15(d) of the United States Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any Holder of Registered Notes which are "restricted securities" within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933 (the "**Securities Act**") or to any prospective purchaser of such restricted securities designated by such Holder upon the request of such Holder or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request for information should be directed to the Issuer at its office at VARSO 2, ul. Chmielna 73, 00-801 Warsaw, Poland.

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 arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*). 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 Provisions

- a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating 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 arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*). 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, subject to Condition 7(j) (*Benchmark Discontinuation*) by the Calculation Agent on the following basis:
 - i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - iii) if, in the case of i) above, such rate does not appear on that page or, in the case of ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable:
 - A. the Issuer will request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - B. the Issuer will provide such quotations to the Calculation Agent who will determine the arithmetic mean of such quotations; and
 - iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the

Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of the 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:

- A. the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- B. the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- C. the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Final Terms,

provided that in any circumstances where under the ISDA Definitions the Calculation Agent would be required to exercise any discretion, including the selection of any Reference Banks and seeking quotations from Reference Banks, when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent to exercise its discretion shall instead be made by the Issuer or its designee.

e) *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.

f) *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.

g) *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.

h) *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 competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. 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 the Interest Amount in respect of a Note having the minimum Specified Denomination.

- i) *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 Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- j) *Benchmark Discontinuation*: In addition, notwithstanding the foregoing provisions in this Condition 7, if the Issuer (in consultation with the Calculation Agent) determines that a Benchmark Event has occurred in relation to a Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions of this Condition 7(j) shall apply:
 - A. the Issuer shall use reasonable endeavours to appoint and consult, as soon as reasonably practicable, an Independent Adviser and to determine (acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the “**IA Determination Cut-off Date**”) a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Rate for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
 - B. An Independent Adviser appointed pursuant to this Condition 7(j) shall act in good faith and in a commercially reasonable manner, and (in the absence of fraud) shall have no liability whatsoever to the Issuer, the Calculation Agent or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 7(j).
 - C. If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines that:
 - (1) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(j)(D)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 7(j) in the event of a further Benchmark Event affecting the Successor Rate); or
 - (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(j)(D)) subsequently be used in place of the Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 7(j) in the event of a further Benchmark Event affecting the Alternative Rate),

provided, however, that if the Issuer fails to determine a Successor Rate or an Alternative Rate in accordance with this Condition 7(j) five Business Days prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period (though substituting, where a different Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest

Period, the Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin and/or Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to that last preceding Interest Period). For the avoidance of doubt, the proviso in this Condition 7(j)(C) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of, and to adjustment as provided in, this Condition 7(j).

- D. If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable). If the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.
- E. If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(j) and the Issuer, following consultation with the Independent Adviser, or (if the Issuer is unable to appoint an Independent Adviser) the Issuer, in each case acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 7(j)(F) without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice. In connection with any such variation in accordance with this Condition 7(j)(E), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.
- F. Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 7(j) will be notified within five Business Days by the Issuer to the Calculation Agent and, in accordance with Condition 19 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) will, in the absence of manifest error in the determination of the Successor Rate or the Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) be binding on the Issuer, the Calculation Agent and the Noteholders.

As used in these Conditions:

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as applicable) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Rate, the Issuer (following consultation with the Independent Adviser, if applicable)

determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable); or

- (c) if no such customary market usage is recognized or acknowledged, the Issuer (in consultation with the Independent Adviser, if applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

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

“Benchmark Amendments” has the meaning given to it in Condition 7(j)(E).

“Benchmark Event” means:

- (a) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (b) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the **“Specified Future Date”**); or
- (c) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the **“Specified Future Date”**), be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the **“Specified Future Date”**) be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (e) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, such Reference Rate is or will, by a specified future date (the **“Specified Future Date”**), be no longer representative of its relevant underlying market; or
- (f) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (including without limitation, under Regulation (EU) 2016/1011, if applicable).

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

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under this Condition 7(j).

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

- (a) the central bank, reserve bank, monetary authority or any such similar institution for the currency to which the benchmark or screen rate (as applicable) relates, or any other central bank or other

supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

“Successor Rate” means a successor to or replacement of the Reference Rate (and related alternative screen page or source if available) which is formally recommended by any Relevant Nominating Body.

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. 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 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*).
- b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part:
 - i) at any time (if no Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or
 - ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Poland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes;
- ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

- A. where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- B. where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer 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).
- d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), 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, regulated market 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 9(c) (*Redemption at the option of the Issuer*) 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.
- e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer 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 9(e), 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 9(e), 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 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

- f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- g) *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 9(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- h) *Purchase:* The Issuer or (if applicable) the Guarantor may at any time purchase Notes in the open market or otherwise at any price and such Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation (*provided, however, that* if the Notes are to be cancelled, they are purchased together with all unmatured Coupons relating to them).
- i) *Cancellation:* All Notes redeemed and any unmatured Coupons attached to or surrendered with them shall be cancelled and all Notes so cancelled and any Notes cancelled pursuant to Condition 9(h) (*Purchase*) above (together with all unmatured Coupons cancelled with them) may not be reissued or resold.

10. Payments – Bearer Notes

This Condition 10 is only applicable to Bearer Notes.

- a) *Principal:* Payments of principal shall be made only against presentation and (*provided, however, that* payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or 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 (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (*provided, however, 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 the United States:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer 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, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- d) *Payments subject to fiscal laws:* All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. 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 specifies that the Fixed Rate Note Provisions are applicable and a Bearer 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, however, that* payment is made in full) surrender of the relevant missing Coupons.

- f) *Unmatured Coupons void:* If the relevant Final Terms specifies that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Bearer Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*) 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 Bearer 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 Bearer Notes at the Specified

Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c)).

- i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Bearer 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 Bearer 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 Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11. Payments – Registered Notes

This Condition 11 is only applicable to Registered Notes.

- a) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, 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 (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- b) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, 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 (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 11 arriving after the due date for payment or being lost in the mail.

- e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- f) *Record date:* Each payment in respect of a Registered Note will be made to the Person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

12. Taxation

All payments (whether in respect of principal, interest or otherwise) in respect of the Notes and the Coupons by or on behalf of the Issuer 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 whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Poland or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (A) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
- (B) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

13. Events of Default

If any of the following events occurs and is continuing:

- a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes within 7 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 30 days of the due date for payment thereof; or
- b) *Breach of other obligations:* the Issuer or (if the Notes are Guaranteed Notes) the Guarantor defaults in the performance or observance of any of its other material obligations under or in respect of the Notes or (if applicable) the Guarantee of the Notes and such default remains unremedied for 45 days after written notice thereof, addressed to the Issuer and (if applicable) the Guarantor by any Noteholder, has been delivered to the Issuer and (if applicable) the Guarantor or to the Specified Office of the Fiscal Agent; or
- c) *Cross-default of Issuer or Guarantor:* any Relevant External Indebtedness of the Issuer or (if the Notes are Guaranteed Notes) the Guarantor is not paid when due or (as the case may be) within any originally applicable grace period; or
- d) *Winding up etc.:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer; or

- e) *Unlawfulness*: it is or will become unlawful for the Issuer or (if the Notes are Guaranteed Notes) the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or (if applicable) the Guarantee of the Notes; or
- f) *Guarantee of the Notes not in force*: if the Notes are Guaranteed Notes, the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect,

then the Holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes (as defined in the Agency Agreement) may, by written notice addressed to the Issuer (with a copy to the Fiscal Agent), declare the Notes to be immediately due and payable, whereupon the Notes shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality, *provided, however, that* if the Issuer receives notice in writing (with a copy to the Fiscal Agent) 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 Issuer 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 Issuer 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 against the Issuer and (if the Notes are Guaranteed Notes) the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date in respect of them.

15. Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent 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 Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates 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 Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) will be specified in the relevant Final Terms. The Issuer reserve the right at any time to vary or terminate the appointment of any Paying Agent or Transfer Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; *provided, however, that*:

- a) the Issuer shall at all times maintain a Fiscal Agent and a Registrar; and
- b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer 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 competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

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

17. Meetings of Noteholders; Modification and Waiver

- (I) The provisions of this Condition 17(I) shall apply only to Notes other than Guaranteed Notes.
 - a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters (as defined in the Agency Agreement) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.
 - b) *Written resolutions:* A resolution in writing signed (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) if such Noteholders have been given at least 21 days' notice of such resolution, by or on behalf of Persons (A) in the case of a Reserved Matter, holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes or (B) in the case of a matter other than a Reserved Matter, holding at least 66⅔ per cent. of the aggregate principal amount of the outstanding Notes, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.
- (II) The provisions of this Condition 17(II) shall apply only to Guaranteed Notes.
 - a) *General:* The provisions for convening meetings of Noteholders as set out in Schedule 1, Part B to the Agency Agreement shall apply to the Guaranteed Notes. The following is a summary of selected provisions in that Schedule 1, Part B to the Agency Agreement.

For the purposes of Condition 13 (*Events of Default*), this Condition 17(II) and Schedule 1, Part B to the Agency Agreement, a Guaranteed Note will be deemed to be "outstanding" as set out in clause 1.2 of the Agency Agreement. In addition, in respect of a Guaranteed Note which is (a) held by the Guarantor or (b) held by the National Bank of Poland, a department, ministry or agency of the Guarantor, or by a corporation, trust or other legal entity that is controlled by the Guarantor or a department, ministry or agency of the Guarantor and the Holder of the Guaranteed Note does not have autonomy of decision, the Guaranteed Note will be deemed to be not outstanding. For the purposes of this provision:

- (i) the Holder of the Guaranteed Note for these purposes is the entity legally entitled to vote the Guaranteed 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 Guaranteed Note for or against a proposed modification;

- (ii) a corporation, trust or other legal entity is controlled by the Guarantor or by a department, ministry or agency of the Guarantor if the Guarantor or the National Bank of Poland or any department, ministry or agency of the Guarantor 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 Guaranteed 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 Guarantor:
 - (A) the Holder may not, directly or indirectly, take instruction from the Guarantor 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 Guaranteed Notes (if that Person then held any Guaranteed 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 Issuer or the Guarantor at any time; and
 - (ii) will be convened by the Issuer 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 Guaranteed 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 (as defined below) will be one or more Persons present and holding or representing not less than 66⅔ per cent. of the aggregate principal amount of the Guaranteed 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 Guaranteed 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 Guaranteed 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 Guaranteed 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(III), any proposed modification in relation to a matter which is not a Reserved Matter may only be approved with the consent of the Issuer or the Guarantor and:
 - (i) the affirmative vote of more than 50 per cent. of the aggregate principal amount of the then outstanding Guaranteed 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 Guaranteed Notes then outstanding.
- f) *Voting on Reserved Matters:* Except as provided in Condition 17(II)(g) (*Cross-Series Modification*), any proposed modification relating to a Reserved Matter may only be approved with the consent of the Issuer or the Guarantor and:
 - (i) the affirmative vote of not less than 75 per cent. of the aggregate principal amount of the outstanding Guaranteed 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 not less than 66⅔ per cent. of the aggregate principal amount of the Guaranteed Notes then outstanding.
- g) *Cross-Series Modification:* A Cross-Series Modification relating to a Reserved Matter affecting the Guaranteed Notes and any other series of Debt Securities may only be approved with the consent of the Guarantor 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 Guaranteed 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 Guaranteed Notes and the Debt Securities of each other series whose modification would have been approved if the proposed modification had involved only the Guaranteed Notes and such other series of Debt Securities, **provided that:**

- (a) prior to the Record Date for the proposed Cross-Series Modification, the Guarantor has publicly notified holders of the Guaranteed 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 Guaranteed 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(II):

“Debt Securities” means the Guaranteed Notes and any other bills, bonds, debentures, notes or other debt securities issued or guaranteed by the Guarantor 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 Guaranteed Notes or any agreement governing the issuance or administration of the Guaranteed 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 Guaranteed Notes means any modification, amendment, supplement or waiver of the terms and conditions of the Guaranteed Notes, the Guarantee of the Notes or any agreement governing the issuance, constitution or administration of the Guaranteed Notes, and has the same meaning in relation to any other Debt Security save that any of the foregoing references to the Guaranteed Notes, the Guarantee of the Notes or any agreement governing the issuance, constitution or administration of such Guaranteed Notes shall be read as references to such other Debt Securities, the guarantee of such other Debt Securities or any agreement governing the issuance, constitution or administration of such other Debt Securities;

“Record Date” has the meaning given to it in Schedule 1, Part B of the Agency Agreement; and

“Series”, when used in relation to the Guaranteed 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 interest 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) *Reserved Matters*: In this Condition 17(II), **“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 Guaranteed Notes or the Guarantee 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 Guaranteed Notes or the Guarantee 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 Guaranteed Notes or the Guarantee of the Notes on any date *provided, however, that* for the avoidance of doubt any Benchmark Amendment and the selection of a Successor

Rate, an Alternative Rate or an Adjustment Spread (in each case in accordance with the provisions of Condition 7) shall be excluded;

- (ii) to change the currency in which any amount due in respect of the Guaranteed Notes or the Guarantee 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” contained in the Agency Agreement;
- (iv) to change or waive the provisions of the Guaranteed Notes set out in Condition 4(a) (*Status and Guarantee – Status of the Notes*) or Condition 4(b) (*Status and Guarantee – Guarantee of the Notes*) or the provisions set out in clause 4.7 (*Preservation of Rights*) of the relevant Guarantee of the Notes;
- (v) to approve any arrangement relating to a Security Interest (other than a Permitted Security Interest) upon any of the Issuer’s assets or revenues, present or future, to secure any Relevant External Indebtedness of the Issuer benefitting the Issuer’s obligations under the Guaranteed Notes pursuant to Condition 5 (*Negative Pledge*);
- (vi) to approve any arrangement relating to a Security Interest (other than a Permitted Security Interest) upon any of the Guarantor’s assets or revenues, present or future, to secure any Relevant External Indebtedness of the Guarantor or of any other Person or any guarantee or indemnity of the Guarantor in respect of Relevant External Indebtedness of any other Person benefitting the Guarantor’s obligations under the Guarantee of the Notes pursuant to clause 5 (*Negative Pledge*) of the relevant Guarantee of the Notes;
- (vii) to change any provision of the Guaranteed Notes describing circumstances in which Guaranteed Notes may be declared due and payable prior to their scheduled maturity, set out in Condition 13 (*Events of Default*);
- (viii) to change the law governing the Guaranteed Notes or the Guarantee of the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Guaranteed Notes or the Guarantor has submitted under the relevant Guarantee of the Notes, the Issuer’s and the Guarantor’s respective obligations to maintain an agent for service of process in England or the Issuer’s and the Guarantor’s respective waivers of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 22 (*Governing Law and Jurisdiction*) and clause 11 (*Governing Law and Jurisdiction*) of the relevant Guarantee of the Notes;
- (ix) 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 Guaranteed 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;
- (x) to modify any provision of these Conditions in connection with any exchange or substitution of the Guaranteed Notes for, or the conversion of the Guaranteed Notes into, any other obligations or securities of the Issuer or any other Person, which would result in the Conditions as so modified being less favourable to the Holders of Guaranteed Notes which are subject to the Conditions as so modified than:
 - (A) the provisions of the other obligations or securities of the Issuer 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

- (xi) to modify any provision of the Guarantee of the Notes in connection with any exchange or substitution of the Guarantee of the Notes for, or the conversion of the Guarantee of the Notes into, any other obligations or securities of the Guarantor or any other Person, which would result in the Guarantee of the Notes as so modified being less favourable to the Holders of Guaranteed Notes which are subject to the Guarantee of the Notes as so modified than:
 - (A) the provisions of the other obligations or securities of the Guarantor 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.

(III) The provisions of this Condition 17(III) shall apply to all Notes:

- a) *Modification:* The Notes, these Conditions, the Guarantee of the Notes (if the Notes are Guaranteed Notes) and the Deed of *Covenant* may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in these Conditions, the Guarantee of the Notes (if the Notes are Guaranteed Notes), the Deed of Covenant or the Notes of any Series but, for the avoidance of doubt, the Issuer and the Guarantor shall not agree, without the consent of the Noteholders or the Couponholders, to any such modification unless it is of a formal, minor or technical nature or it is, in the opinion of the Issuer or the Guarantor (as the case may be), not materially prejudicial to the interests of the Noteholders of such Series. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders or the Couponholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders.
- b) In addition, the Issuer may, pursuant to Condition 7(j) (*Benchmark Discontinuation*), vary or amend these Conditions and/or the Agency Agreement to give effect to certain changes to the interest calculation provisions of the Floating Rate Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Noteholders or the Couponholders.

18. Further Issues

The Issuer 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

- c) *Bearer Notes:* 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 admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *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.
- d) *Registered Notes:* Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register or, if such notification 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 fourth day after the date of mailing.

20. Currency Indemnity

If any sum due from the Issuer 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 Issuer, (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 Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer 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 Issuer 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. Governing Law and Jurisdiction

- a) *Governing law:* The Notes and the Coupons and any non-contractual obligations arising out of or in connection therewith 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 and the Coupons (including any non-contractual obligation arising out of or in connection therewith).
- c) *Appropriate forum:* The Issuer 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.:* The Issuer consents generally in respect of any proceedings relating to a Dispute (the “**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) *Waiver of immunity:* To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity 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 Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

- f) *Service of process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Consular Section of the Embassy of the Republic of Poland, Embassy of the Republic of Poland in London from time to time, being presently at 10 Bouverie Street, London EC4Y 8AX, England. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF GUARANTEE OF THE NOTES

The Guarantee of the Notes in respect of each Tranche of Guaranteed Notes to be issued under the Programme will be substantially in the form set out below, with such amendments as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).

Notes other than Guaranteed Notes will not have the benefit of a Guarantee of the Notes.

THIS DEED OF GUARANTEE is made on [●]

BY:

THE STATE TREASURY OF THE REPUBLIC OF POLAND represented by the Council of Ministers, which authorised the Minister of Finance to act on its behalf (the “**Guarantor**”), on the basis of [to be completed to include relevant statutory, or other legal, references].

IN FAVOUR OF:

THE HOLDERS AND THE ACCOUNTHOLDERS (each as defined below) (together, the “**Beneficiaries**”).

WHEREAS:

- Bank Gospodarstwa Krajowego, in its capacity as an issuer (the “**Issuer**”) has established a Medium Term Note Programme (the “**Programme**”) for the issuance of notes (which may or may not be guaranteed by the Guarantor, as specified in the relevant Final Terms). The Issuer intends to issue [currency][amount][per cent.] notes due [date] under the Programme for financing the [use of proceeds to be inserted] (the “**Guaranteed Notes**”). The Guarantor has authorised the giving of its irrevocable and unconditional guarantee in relation to the Guaranteed Notes.
- The Issuer has, in relation to the notes issued under the Programme, entered into a fiscal agency agreement (as amended, supplemented and/or restated from time to time, the “**Agency Agreement**”) dated 16 December 2022 with Citibank, N.A., London Branch as fiscal agent (the “**Agent**”, which expression shall include any successor) and the other paying agents named therein.
- The Issuer has, in relation to the notes issued under the Programme, executed a deed of covenant (as amended, supplemented and/or restated from time to time, the “**Deed of Covenant**”) dated 16 December 2022.
- The Guarantor has agreed to irrevocably and unconditionally guarantee the payment of the principal amount of the Guaranteed Notes and interest on the Guaranteed Notes expressed to be payable from time to time by the Issuer in respect of the Guaranteed Notes and under the Deed of Covenant.

THIS DEED OF GUARANTEE WITNESSES as follows:

1. INTERPRETATION

1.1 Benefit of Deed of Guarantee

The Guaranteed Notes shall have the benefit of this Deed of Guarantee but shall not have the benefit of any prior or subsequent deed of guarantee relating to any other issue of guaranteed notes under the Programme (unless expressly so provided in any prior or subsequent deed).

1.2 Definitions, Interpretation and Application

“**Accountholder**” means any accountholder or participant with a Clearing System which at the Relevant Date has credited to its securities account with such Clearing System one or more Entries in respect of a [Global Note]/[Global Note Certificate] issued by the Issuer, except for any Clearing System in its capacity as an accountholder of another Clearing System.

“**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.

“**Clearing System**” means each of Euroclear, Clearstream, Luxembourg, DTC and/or any other clearing system specified in the relevant Final Terms.

“**Clearstream, Luxembourg**” means Clearstream Banking S.A.

“**Conditions**” means the terms and conditions of the Guaranteed Notes, including those contained in the applicable Final Terms, as the same may be modified or supplemented in accordance with the terms thereof, and any reference to a numbered “**Condition**” is to the correspondingly numbered provision thereof.

“**Direct Rights**” means the rights referred to in [Clause 3] of the Deed of Covenant.

“**DTC**” means The Depository Trust Company.

“**Entry**” means, in relation to a [Global Note]/[Global Note Certificate] issued by the Issuer, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Guaranteed Notes represented by such [Global Note]/[Global Note Certificate].

“**Euroclear**” means Euroclear Bank SA/NV.

“**External Indebtedness**” means any indebtedness expressed or denominated or payable, or which at the option of the relevant creditor or holder thereof may be payable, in any currency other than the lawful currency from time to time of the Republic of Poland.

[“**Global Note**” has the meaning given to it in the Agency Agreement].

[“**Global Note Certificate**” has the meaning given to it in the Agency Agreement.]

“**Holder**” means, in relation to any Guaranteed Note, at any time, the Person who is the [bearer][registered holder] of such Guaranteed Note.

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

“**Relevant Date**” means, in relation to the payment of any sum expressed to be payable by the Issuer, the date on which such payment first becomes due and payable.

1.3 Terms defined in the Conditions have the same meanings in this Deed of Guarantee.

1.4 Any reference in this Deed of Guarantee to any obligation or payment under or in respect of the Guaranteed Notes shall be construed to include a reference to any obligation or payment under or pursuant to Clause 3 of the Deed of Covenant.

1.5 Any reference in this Deed of Guarantee to a Clause is, unless otherwise stated, to a clause hereof.

1.6 Headings are inserted for convenience and ease of reference only and shall not affect the interpretation of this Deed of Guarantee.

2. GUARANTEE

2.1 The Guarantor hereby irrevocably and unconditionally guarantees:

- (a) to the Holder of each Guaranteed Note the due and punctual payment of the principal amount of the Guaranteed Notes and interest on the Guaranteed Notes from time to time payable by

the Issuer to such Holder in respect of each Guaranteed Note as and when the same become due and payable and accordingly undertakes to pay to such Holder in the manner and currency prescribed by the Conditions for payments by the Issuer in respect of such Guaranteed Notes on or before the expiry of any grace period applicable to the Guaranteed Notes, the principal amount of the Guaranteed Notes and interest on the Guaranteed Notes which the Issuer is at any time liable to pay to such Holder in respect of the Guaranteed Notes and which the Issuer has failed to pay; and

- (b) to each Accountholder the due and punctual payment of the principal amount of the Guaranteed Notes and interest on the Guaranteed Notes from time to time payable by the Issuer to such Accountholder in respect of the Direct Rights as and when the same become due and payable and accordingly undertakes to pay to such Accountholder in the manner and currency prescribed by the Conditions for payments by the Issuer in respect of the Guaranteed Notes on or before the expiry of any grace period applicable to the Guaranteed Notes, the principal amount of the Guaranteed Notes and interest on the Guaranteed Notes which the Issuer is at any time liable to pay to such Accountholder in respect of the Guaranteed Notes and which the Issuer has failed to pay,

in each case, up to the amount of [currency][140% of the principal amount of the Guaranteed Notes].

- 2.2 The Guarantor undertakes to each Beneficiary that, if any sum referred to in Clause 2.1 is not recoverable from the Guarantor thereunder for any reason whatsoever (including, without limitation, by reason of any Guaranteed Note, the Deed of Covenant or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law), then (notwithstanding that the same may have been known to such Beneficiary) the Guarantor will pay such sum by way of a full indemnity in the manner and currency prescribed by the Conditions. This indemnity constitutes a separate independent obligation from the other obligations under this Deed of Guarantee and shall give rise to a separate and independent cause of action.
- 2.3 Notwithstanding the foregoing provisions of Clauses 2.1 and 2.2 hereof, it is specifically agreed that the place of performance of any and all obligations under this Deed of Guarantee shall be London, England and consequently any and all payments of the Guarantor under this Guarantee of the Notes shall be made out of or to the credit of bank accounts maintained with banks legally operating and situated in London, England.
- 2.4 This Deed of Guarantee expires one day after the date falling six months after the maturity date of the Guaranteed Notes.

3. TAXATION

If in respect of any payment to be made under this Deed of Guarantee, any withholding tax is payable, the Guarantor shall pay the additional amounts referred to in Condition 12, all subject to and in accordance with the provisions of Condition 12.

4. PRESERVATION OF RIGHTS

- 4.1 The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.
- 4.2 The obligations of the Guarantor hereunder shall be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and, in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Issuer's obligations under any Guaranteed Note or the Deed of Covenant and shall continue in full force and effect until all sums due from the Issuer in respect of the Guaranteed Notes and under the Deed of Covenant have been paid, and all other obligations of the Issuer thereunder have been satisfied, in full.

- 4.3 Neither the obligations expressed to be assumed by the Guarantor herein nor the rights, powers and remedies conferred upon the Beneficiaries by this Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:
- (a) the winding up, liquidation, reorganisation, moratorium or dissolution of the Issuer or any change in its status, functioning, control or ownership or events of a similar nature under applicable law;
 - (b) any of the obligations of the Issuer under or in respect of the Guaranteed Notes or the Deed of Covenant being or becoming illegal, invalid, ineffective or unenforceable;
 - (c) time or other indulgence being granted or agreed to be granted to the Issuer in respect of any of its obligations under or in respect of the Guaranteed Notes or the Deed of Covenant;
 - (d) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of the Issuer under or in respect of any Guaranteed Note or the Deed of Covenant or any security or other guarantee or indemnity in respect thereof including without limitation any change in the purposes for which the proceeds of the issue of the Guaranteed Notes are to be applied and any extension of or any increase in the obligations of the Issuer in respect of any Guaranteed Note or the addition of any new obligations for the Issuer under the Deed of Covenant; or
 - (e) any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed of Guarantee or by law.
- 4.4 Any settlement or discharge between the Guarantor and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by the Issuer or any other Person on the Issuer's behalf being avoided or reduced by virtue of any provision or enactment relating to liquidation, winding-up or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.
- 4.5 No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Guarantee or by law:
- (a) to make any demand of the Issuer save for the presentation of the relevant Guaranteed Note;
 - (b) to take any action or obtain judgment in any court against the Issuer; or
 - (c) to make or file any claim or proof in a winding up or dissolution of the Issuer,
- and (save as aforesaid) the Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of each Guaranteed Note.
- 4.6 The Guarantor agrees that, so long as any sums are or may be owed by the Issuer in respect of the Guaranteed Notes or under the Deed of Covenant or the Issuer is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not exercise any right which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:
- to be indemnified by the Issuer;
- to claim any contribution from any other guarantor of the Issuer's obligations under or in respect of the Guaranteed Notes or the Deed of Covenant;

to take the benefit (in whole or in part) of any security enjoyed in connection with the Guaranteed Notes or the Deed of Covenant by any Beneficiary; or

to be subrogated to the rights of any Beneficiary against the Issuer in respect of amounts paid by the Guarantor under this Deed of Guarantee or the Deed of Covenant.

- 4.7 The Guarantor irrevocably undertakes that its obligations hereunder in respect of the Guaranteed Notes will constitute direct, general, unconditional and (subject to Clause 5 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated External Indebtedness of the Guarantor, *provided further* that the Guarantor shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due under the Guarantee of the Notes and vice versa.

5. NEGATIVE PLEDGE

So long as any Guaranteed Note remains outstanding (as defined in the Agency Agreement), the Guarantor shall not, and shall not permit (to the extent the Guarantor has 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 Guarantor's assets or revenues, present or future, to secure any Relevant External Indebtedness of the Guarantor or of any other Person or any guarantee or indemnity of the Guarantor in respect of Relevant External Indebtedness of any other Person unless, at the same time or prior thereto, the Guarantor's obligations under this Deed of Guarantee are secured equally and rateably therewith or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution of Noteholders.

6. DEPOSIT OF DEED OF GUARANTEE

An original of this Deed of Guarantee shall be deposited with and held by the Fiscal Agent until the expiry of the Guarantee of the Notes. The Guarantor hereby acknowledges the right of every Beneficiary to the production of this Deed of Guarantee.

7. STAMP DUTIES

The Guarantor shall pay all stamp, registration and other similar taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Guarantee.

8. BENEFIT OF DEED OF GUARANTEE

- 8.1 This Deed of Guarantee shall take effect as a deed poll for the benefit of the Beneficiaries from time to time.
- 8.2 This Deed of Guarantee shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed of Guarantee against the Guarantor.
- 8.3 The Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.

9. PARTIAL INVALIDITY

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any applicable jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other applicable jurisdiction shall in any way be affected or impaired thereby.

10. NOTICES

- 10.1 All notices and other communications to the Guarantor hereunder shall be made in writing (by letter or fax) and shall be sent to the Guarantor at:

Ministry of Finance

Guarantees and Sureties Department

Address: ul. Świętokrzyska 12
00-916 Warsaw
Poland

Tel: +48 22 694 4151

Fax: +48 22 694 33 88

Attention: Mr Jacek Barylski, Head of Guarantees and Sureties Department

Email: Sekretariat.DG@mf.gov.pl

or to such other address, telex number or fax number or for the attention of such other Person or department as the Guarantor has notified to the Beneficiaries in the manner prescribed for the giving of notices in connection with the Guaranteed Notes.

- 10.2 Every notice or other communication sent in accordance with Clause 10.1 shall be effective upon receipt by the Guarantor *provided, however*, that any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Guarantor.

11. GOVERNING LAW AND JURISDICTION

- 11.1 This Deed of Guarantee and any non-contractual obligations arising out of or in connection with it shall be governed by English law.
- 11.2 The courts of England have exclusive jurisdiction to settle any dispute, arising out of or in connection with this Deed of Guarantee (including a dispute relating to the existence, validity or termination of this Deed of Guarantee or any non-contractual obligation arising out of or in connection with it) or the consequences of its nullity (a “**Dispute**”) and the Guarantor irrevocably submits to the jurisdiction of the English court.
- 11.3 The Guarantor 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.
- 11.4 The Guarantor agrees that the documents which start any proceedings relating to a Dispute (“**Proceedings**”) and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Ambassador of the Republic of Poland to the Court of St. James’s, Embassy of the Republic of Poland in London, 47 Portland Place, London W1B 1JH, England. Nothing in this paragraph shall affect the right of any Beneficiary to serve process in any other manner permitted by law.
- 11.5 The Guarantor 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.
- 11.6 To the extent that the Guarantor may in any jurisdiction claim for itself or its 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 Guarantor or its assets or revenues, the Guarantor 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, “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 Guarantor. The Guarantor reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to any actions brought against it in any court of or in the United States of America under any United States federal or state securities law.

12. MISCELLANEOUS

- 12.1 The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Guaranteed Notes, including the modification of any provision of this Deed of Guarantee. Any such modification may be made by supplemental deed poll executed by the Guarantor if sanctioned by an Extraordinary Resolution and shall be binding on all Beneficiaries.
- 12.2 This Deed of Guarantee has been executed in both the Polish and the English language. The parties agree that the English language version of this Deed of the Guarantee will be the binding version for the purposes of its construction. Accordingly, if there are any discrepancies between the Polish language version and the English language version of this Deed of Guarantee, the English language version will prevail.

IN WITNESS WHEREOF this Deed of Guarantee has been duly executed by the Guarantor as a deed and is intended to be and is hereby delivered on the date first before written.

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.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS] – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (as defined below). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

[PROHIBITION OF SALES TO UK RETAIL INVESTORS] – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of the domestic law of the UK by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.¹

[MiFID II product governance / Professional investors and ECPs only target market] – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the 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**”)]/[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**”)]/[distributor] should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs 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 the domestic law of the UK by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA]; 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**”)]/[distributor] should take into consideration the

¹ This would only be applicable for Notes other than Guaranteed Notes.

manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook 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.]

[MiFID II product governance / Retail investors, professional investors and ECPs 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**”)]/[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, portfolio management, 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**”)]/[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 / Retail investors, professional investors and ECPs 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 retail clients, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of the domestic law by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA], 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 the domestic law by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA] (“**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, portfolio management, non-advised sales and pure execution services – subject to the distributor’s suitability and appropriateness obligations under the [FCA Handbook Conduct of Business Sourcebook]/[COBS], as applicable]. [*Consider any negative target market.*] Any [person subsequently offering, selling or recommending the Notes (a “**distributor**”)]/[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 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 the [FCA Handbook Conduct of Business Sourcebook]/[COBS], as applicable.]]

[Singapore Securities and Futures Act Product Classification – In connection with 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are [“prescribed capital markets products”]/[“capital markets products other than prescribed capital markets products”] (as defined in the CMP Regulations 2018) and [“Specified Investment Products”] / [“Excluded Investment Products”] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]²

² For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Final Terms dated [•]

BANK GOSPODARSTWA KRAJOWEGO

LEI: 259400BCOV9JJIGLYF05

(state bank incorporated under the laws of Poland)

[Guaranteed by

THE STATE TREASURY OF THE REPUBLIC OF POLAND

pursuant to a Deed of Guarantee dated [•]]

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

under the €25,000,000,000

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 terms and conditions (the “**Conditions**”) set forth in the Offering Circular dated 8 May 2024 [as supplemented by the supplemental Offering Circular dated [•]] ([together,] the “**Offering Circular**”) [which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”)]³. These Final Terms contain the final terms of the Notes described herein [for the purposes of the Prospectus Regulation]⁴ and must be read in conjunction with the Offering Circular in order to obtain all the relevant information.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Offering Circular dated [4 May 2016]/[24 October 2017]/[14 May 2018]/[22 December 2020]/[23 December 2021]/[16 December 2022]/[8 May 2023]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Offering Circular dated 8 May 2024 [as supplemented by the supplemental Offering Circular dated [•]] ([together,] the “**Offering Circular**”) in order to obtain all the relevant information [which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”), save in respect of the Conditions which are set forth in the Offering Circular dated [4 May 2016]/[24 October 2017]/[14 May 2018]/[22 December 2020]/[23 December 2021]/[16 December 2022]/[8 May 2023] and are incorporated by reference in the Offering Circular].⁵ This document constitutes the Final Terms relating to the issue of Notes described herein [for the purposes of the Prospectus Regulation]⁶.

[End of alternative language]

The Offering Circular has been published and these Final Terms will be published, in each case, on www.luxse.com.

[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.]

³ To include for Notes other than Guaranteed Notes only.

⁴ To include for Notes other than Guaranteed Notes only.

⁵ To include for Notes other than Guaranteed Notes only.

⁶ To include for Notes other than Guaranteed Notes only.

[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. | [(i)] Series Number: | [•] |
| | (ii) Tranche Number: | [•] |
| | (iii) Date on which the Notes will be consolidated and form a single series: | The Notes will be consolidated and form a single Series with <i>[identify issue amount/ISIN/maturity date/issue date of earlier Tranche(s)]</i> on [the Issue Date/the exchange date of the Temporary Global Note for interests in the Permanent Global Note which is expected to occur on or about [date]][Not Applicable] |
| 2. | Specified Currency or Currencies: | [•] |
| 3. | Aggregate Principal Amount: | |
| | [(i)] Series: | [•] |
| | [(ii)] Tranche: | [•] |
| 4. | Issue Price: | [•] per cent. of the Aggregate Principal Amount [plus accrued interest from <i>[insert date]</i> (<i>in the case of fungible issues only, if applicable</i>)] |
| 5. | (i) Specified Denominations: | [•] |
| | (ii) Calculation Amount: | [•] |
| 6. | [(i)] Issue Date: | [•] |
| | [(ii)] Interest Commencement Date: | [Issue Date/other date (<i>specify</i>)/Not Applicable] |
| 7. | Maturity Date: | <i>[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i> |
| 8. | Interest Basis: | [[•] per cent. Fixed Rate]
[[<i>Specify reference rate</i>] +/-[•] per cent. Floating Rate]
[Zero Coupon]
(further particulars specified below) |
| 9. | Redemption/Payment Basis: | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount. |
| 10. | Change of Interest Basis: | [For the period from (and including) the Interest Commencement Date up to (but excluding) [•] paragraph [15]/[16] applies and for the period from (and including) [•] up to (and including) the Maturity Date paragraph [15]/[16] applies]/[Not Applicable] |
| 11. | Put/Call Options: | [Investor Put]
[Issuer Call]
[Not Applicable]
[(further particulars specified below)] |
| 12. | Method of distribution: | [Syndicated/Non-syndicated] |

13. Date of Supervisory Board and Management [•] and [•], respectively
Board approval for issuance of Notes:

14. [(i)] Guarantee of the Notes: [Applicable/Not Applicable]

[(ii)] Date of the Guarantee of the Notes: [•]/[Not Applicable]

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"*]/[, No Adjustment]]

(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*]⁷

(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable]/[*give details (in the case of Guaranteed Notes only)*]

(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 sub-paragraphs of this paragraph.)

[(i)] Specified Period(s): [•]

(Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than 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)] Interest Payment Dates: [•]

(Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention insert "Not Applicable")

⁷

If the applicable Day Count Fraction is 30/360, 30E/360 or Eurobond basis and the intention is that the 2006 ISDA Definitions apply, then this should be specified in Item 281 (*Other terms or special conditions*) as the 2000 ISDA Definitions is the "default" definition pursuant to the Terms and Conditions of the Notes. If the applicable Day Count Fraction is 30E/360 (ISDA), then the 2006 ISDA Definitions will apply and this should be specified in Item 28 (*Other terms or special conditions*).

- (iii) Business Day Convention: [Specify applicable Business Day Convention]/ [No Adjustment]
- (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) (if not the Fiscal Agent): [[Name] shall be the Calculation Agent (*no need to specify if the Fiscal Agent is to perform this function*)]
- (vii) Screen Rate Determination:
- Reference Rate: [*For example EURIBOR*]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [*For example, Reuters page EURIBOR01*]
 - Relevant Time: [*For example, 11.00 a.m. Brussels time*]
 - Relevant Financial Centre: [*For example, Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*]
- (viii) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (ix) Margin(s): [+/-][•] per cent. per annum
- (x) Minimum Rate of Interest: [•] per cent. per annum
- (xi) Maximum Rate of Interest: [•] per cent. per annum
- (xii) Day Count Fraction: [30/360]/[Actual/Actual (ICMA/ISDA)]/[*other*]⁸
- (xiii) 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]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Accrual Yield: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Any other formula/basis of determining amount payable: [*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 8(b)*]

⁸ If the applicable Day Count Fraction is 30/360, 30E/360 or Eurobond basis and the intention is that the 2006 ISDA Definitions apply, then this should be specified in Item 28 (*Other terms or special conditions*) as the 2000 ISDA Definitions is the “default” definition pursuant to the Terms and Conditions of the Notes. If the applicable Day Count Fraction is 30E/360 (ISDA), then the 2006 ISDA Definitions will apply and this should be specified in Item 28 (*Other terms or special conditions*).

PROVISIONS RELATING TO REDEMPTION

18. **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): [•]
19. **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): [•]
20. **Final Redemption Amount of each Note** [[•] per Calculation Amount]
21. **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)*]
22. **Early Redemption Amount (Tax)** [•][As set out in the Conditions]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: [Bearer Notes⁹:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 40 days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on 40 days' notice.]

⁹ The exchange upon expiry of a period of notice or at any time options referred to below 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 not less than 60 days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]]

[Registered Notes:

[Unrestricted Global Registered Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

[Restricted Global Registered Note registered in the name of [a nominee for DTC] [a common depositary for Euroclear and Clearstream, Luxembourg][a common safekeeper for Euroclear and Clearstream, Luxembourg]]

[Unrestricted Global Registered Note exchangeable for Individual Unrestricted Note Certificates [in the limited circumstances described in the Unrestricted Global Registered Note]][*other*]

[Restricted Global Registered Note exchangeable for Individual Restricted Note Certificates in the limited circumstances described in the Restricted Global Registered Note]][*other*]

- | | |
|---|---|
| 24. New Global Note form: | [Applicable/Not Applicable] |
| 25. New Safekeeping Structure: | [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 15(ii) and 16(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. Other terms or special conditions: | [Not Applicable]/[<i>give details (only applicable in the case of for all issuance of Notes for which Guarantee of the Notes is 'Applicable')</i>]

<i>(If 2006 ISDA Definitions are to be applied, indicate this here. If 2000 ISDA Definitions are to be applied, no comment is necessary.)</i> |

[THIRD PARTY INFORMATION]

[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **BANK GOSPODARSTWA KRAJOWEGO**:

By:

Duly authorised

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (*specify other market, only a market in a jurisdiction to which the Offering Circular was passported can be specified*)/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/other (*specify other market, only a market in a jurisdiction to which the Offering Circular was passported can be specified*)] 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 Ratings Ireland Limited: [•]

Moody's Investors Service Cyprus Ltd. [•]

S&P Global Ratings Europe Limited: [•]

(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.)

[[•] is established in the EEA and certified under Regulation (EC) No. 1060/2009, as amended.]/[[•] is not established in the EEA but the rating it has given to the Notes is endorsed by [•], which is established in the EEA and certified under Regulation (EC) No. 1060/2009, as amended.]/[[•] is not established in the EEA but is certified under Regulation (EC) No. 1060/2009, as amended.]/[include alternative disclosure on Regulation (EC) No. 1060/2009 or Regulation (EC) No. 1060/2009 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018].

[include brief explanation and definitions of ratings assigned]

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. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its]/[their] affiliates in the ordinary course of business. *Amend as appropriate if there are other interests.*

4. USE OF PROCEEDS, ESTIMATED NET PROCEEDS AND ESTIMATE OF THE TOTAL EXPENSES RELATED TO THE ADMISSION TO TRADING

- (i) Use of proceeds: The net proceeds from the issue of Notes will be applied by the Issuer for [*specify use of proceeds*].
- (ii) Estimated net proceeds: [•]

(If proceeds are intended for more than one use will need to split out and presented in order of priority. If proceeds are insufficient to fund all proposed uses state amount and sources of other funding.)

- (iii) Estimated total expenses related to the admission to trading: [•] *[Include breakdown of expenses.]*

5. **Fixed Rate Notes Only — YIELD**

Indication of yield: [[•]/Not Applicable]

6. **Floating Rate Notes Only — HISTORIC INTEREST RATES**

[Details of historic [EURIBOR/*other*] rates can be obtained from [Reuters]/Not Applicable]

7. **DISTRIBUTION**

If syndicated, names of Managers: [Not Applicable/*give names*]

Stabilisation Manager (if any): [Not Applicable/*give name*]

If non-syndicated, name of Dealer: [Not Applicable/*give name*]

U.S. Selling Restrictions: [Regulation S Category [1/2]]; [Rule 144A]

TEFRA: [Not Applicable/The TEFRA [C/D] Rules are applicable]

[Prohibition of Sales to EEA Retail Investors:¹⁰ [Applicable/Not Applicable]

(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the EEA, “Applicable” should be specified.)]

[Prohibition of Sales to UK Retail Investors:¹⁰ [Applicable/Not Applicable]

(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the UK, “Applicable” should be specified.)]

Additional selling restrictions: [Not Applicable/*give details*]

8. **OPERATIONAL INFORMATION**

ISIN Code [(Unrestricted Notes)]: [•]

[ISIN Code (Restricted Notes): [•]]

Common Code [(Unrestricted Notes)]: [•]

[Common Code (Restricted Notes): [•]]

[CUSIP (Restricted Notes): [•]]

Intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable (*in the case of Notes issued in CGN form or in respect of Notes cleared through the DTC*)] [Yes, in respect of an Unrestricted Global Registered Note and/or a Restricted to be held under NSS / Global Note issued in NGN form].

¹⁰ This would only be applicable for Notes other than Guaranteed Notes.

[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] *[include this text for registered notes]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] *[include this text for registered notes]*. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Any clearing system(s) other than [DTC,] Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):

[Not Applicable/*give name(s), address(es) and number(s)*]

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

[Not Applicable/*specify*]

Relevant Benchmark[s]:

[[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of Regulation (EU) 2016/1011]/ [As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011, as amended apply, such that [name of non-EU benchmark administrator] is not currently required to obtain recognition, endorsement or equivalence]/ [Not Applicable] [Not relevant for a EU PR approved prospectus]

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, 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 an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary (or its nominee) or, as the case may be, common safekeeper (or its nominee).

In relation to any Tranche of Notes represented by a Unrestricted Global Registered Note, references in the Terms and Conditions of the Notes to “Noteholder” are references to the person in whose name such Unrestricted Global Registered Note is for the time being registered in the Register which, for so long as the Unrestricted Global Registered Note is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

In relation to any Tranche of Notes represented by a Restricted Global Registered Note, references in the Terms and Conditions of the Notes to “Noteholder” are references to the person in whose name such Restricted Global Registered Note is for the time being registered in the Register which, for so long as the Restricted Global Registered Note is (i) held by a custodian for DTC and/or any other relevant clearing system, will be DTC and/or any other relevant clearing system (or its nominee) or (ii) held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

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

Conditions applicable to Global Notes and Global Registered Notes

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

Payments: All payments in respect of the Global Note or Global Registered Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Registered Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the (i) Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg and (ii) Global Registered Note, the Issuer shall procure that if such Note is held under the NSS the payment is entered *pro*

rata in the records of Euroclear and Clearstream Luxembourg and in all other cases the payment is noted in a schedule thereto. Payments on any Temporary Global Note issued in compliance with TEFRA D before the exchange date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. Payments of principal and interest in respect of Global Registered Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. Dollars will be made or procured to be made by the Fiscal Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the DTC Record Date (as defined below under “*Payment Record Date*”) for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal Agent, after Citibank, N.A., London Branch as the exchange agent appointed by the Issuer pursuant to the terms of the Agency Agreement (the “**Exchange Agent**”), has converted amounts in such Specified Currency into U.S. Dollars, will cause the Exchange Agent to deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made. “**DTC business day**” means any day on which DTC and banking institutions in the city of New York, New York are open for business.

Payment Business Day: In the case of a Global Note, or a Global Registered Note, shall be, if the currency of payment is euro, any day which is 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, if the currency of 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 Financial Centre.

Payment Record Date: Each payment in respect of a Global Registered Note will be made to the person shown as the Holder in the Register:

- (a) except in the case of Global Registered Notes to be cleared through DTC, at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Registered Note is being held is open for business; and
- (b) in the case of the Global Registered Notes to be cleared through DTC, at the close of business on the DTC Record Date, where “**DTC Record Date**” means:
 - 1) where the Specified Currency is U.S. dollars, the DTC business day before the due date for payment thereof; and
 - 2) where the Specified Currency is a currency other than U.S. dollars, which shall be on the fifteenth DTC business day before the due date for payment thereof, on the fifteenth DTC business day before the due date for such payment.

Exercise of put option: In order to exercise the option contained in Condition 9(e) (*Redemption and Purchase – Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the holder of a Global Registered 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, in accordance with the rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (as applicable), 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. Accountholders wishing to arrange for their Notes to be put must arrange for their instructions to be given in accordance with the rules and procedures of the clearing system through which they hold their interest in such Notes, which may require the transfer of such Notes, or the blocking thereof, in the relevant clearing system.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Registered Note may be redeemed in part in the principal amount specified by the Issuer 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 DTC, Euroclear and Clearstream, Luxembourg (to be reflected in the records of DTC, Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion). If fewer than all of the Notes represented by the Restricted Global Registered Note which are held or cleared through DTC are subject to redemption, the Notes shall be redeemed on a *pro rata* pass-through distribution of principal basis in accordance with the rules and procedures of DTC.

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) or a Global Registered Note and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Registered Note is, registered in the name of a nominee for DTC or deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg 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 DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.luxse.com).

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for the purpose specified in the Final Terms relating to each Tranche of Notes.

CAPITALIZATION AND INDEBTEDNESS

The following tables present the capitalization and indebtedness and net financial debt of Group as of 31 December 2023. This section should be read together with the information contained in “*Selected Financial Information*”, the 2023 Consolidated Financial Statements, the 2022 Consolidated Financial Statements, the 2021 Consolidated Financial Statements and the respective notes thereto.

Capitalization and Indebtedness

The table below sets forth the capitalization and indebtedness of the Group as of 31 December 2023.

	As of 31 December 2023
	<i>(audited)</i>
	<i>(PLN million)</i>
Financial debt	174,371
Amounts due to banks.....	4,459
Liabilities to customers.....	161,582
Repurchase agreements.....	6,436
Debt securities issued.....	1,831
Lease liabilities.....	63
Equity	40,112
Statutory capital.....	34,023
Revaluation reserve.....	151
Supplementary capital.....	1,783
Other capital reserves.....	232
Retained earnings and net profit for the current year.....	3,923
Total	214,483

Source: 2023 Consolidated Financial Statements

There have been no material changes in the capitalization, indebtedness or liquidity of the Issuer from 31 December 2023, to the date of this Offering Circular other than as described herein.

Indirect, Conditional and Other Indebtedness

BGK carries out government tasks on the basis of acts and agreements with ministries, including through flow funds established by, entrusted with or transferred to BGK, for which, by virtue of law, BGK keeps separate accounting books and prepares separate financial statements. Flow funds manage and administer flows which are not recognised in BGK’s statement of financial position and the statement of profit or loss. Detailed information on the financial position and profit and loss of cash-flow funds for each financial year is available in the statements of funds established under separate legislation, which are included in the 2023 Standalone Financial Statements, 2022 Standalone Financial Statements and 2021 Standalone Financial Statements incorporated by reference in this Offering Circular.

For further information on off-balance sheet liabilities granted and received of the Group, please see Note 36 of the 2023 Consolidated Financial Statements.

SELECTED FINANCIAL INFORMATION OF THE ISSUER AND OVERVIEW OF THE GROUP'S FINANCIAL CONDITION

Unless otherwise indicated, the financial information in this Offering Circular relating to the Group has been derived from the 2023 Consolidated Financial Statements, the 2022 Consolidated Financial Statements and 2021 Consolidated Financial Statements.

BGK's financial year ends on December 31 and references in this Offering Circular to any specific year are to the 12-month period ended on December 31 of such year. BGK's consolidated and standalone financial statements have been prepared in accordance with IFRS as adopted by the European Union.

Group financial information for the years ended 31 December 2023, 31 December 2022 and 31 December 2021

Consolidated Statement of Profit or Loss

	Year ended 31 December		
	2023	2022	2021
		(audited)	
	(PLN million)		
Continuing operations			
Interest income	13,796	10,006	1,461
Interest income calculated with the use of the effective interest rate method	12,891	9,208	1,368
Income of similar nature to interest income on instruments at fair value through profit or loss	905	798	93
Interest expense	(9,487)	(7,041)	(428)
Net interest income	4,309	2,965	1,033
Fee and commission income	471	335	311
Fee and commission expense	(20)	(18)	(16)
Net fee and commission income	451	317	295
Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses)	384	210	169
Net gains (losses) on investments in financial assets	92	55	49
Net gains (losses) on derecognition of financial assets	29	157	19
Other operating income	8	15	332
Other operating expenses	(150)	(92)	(72)
General administrative expenses	(868)	(685)	(652)
Net allowances for expected credit losses	(399)	(301)	(332)
Operating result	3,856	2,641	841
Share of profit or loss of associates	705	32	253
Profit before tax	4,561	2,673	1,094
Income tax	(829)	(511)	(219)
Net profit	3,732	2,162	875
Net profit attributable to the owner of the parent entity	3,732	2,162	875

Source: 2023 Consolidated Financial Statements, 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements

Consolidated statement of comprehensive income

	Year ended 31 December		
	2023	2022	2021
		(audited)	
	(PLN million)		
Net profit	3,732	2,162	875
Other comprehensive income	551	(452)	(52)
Items that may be reclassified subsequently to profit or loss	144	(194)	(375)
Revaluation of financial assets at fair value through other comprehensive income, gross	287	(276)	(467)
Deferred tax on financial assets at fair value through other comprehensive income	(54)	52	89
Share in other comprehensive income of associates, gross	5	2	-
Deferred tax relating on share in other comprehensive income of associates	(1)	-	-

	Year ended 31 December		
	2023	2022	2021
		(audited)	
	(PLN million)		
Foreign exchange gains or losses on translating subordinates, gross	(164)	25	4
Deferred tax on foreign exchange gains or losses on translating subordinates	30	(5)	(1)
Cash flow hedge, gross	51	10	-
Deferred tax on cash flow hedge	(10)	(2)	-
Items that cannot be reclassified subsequently to profit or loss	407	(258)	323
Revaluation and gain or loss on sale of equity instruments designated as at fair value through other comprehensive income, gross	511	(320)	400
Deferred tax on revaluation and gain or loss on sale of equity instruments designated as at fair value through other comprehensive income	(97)	61	(76)
Gains and losses to measurement of defined benefit plans	(9)	1	(1)
Deferred tax on measurement of defined benefit plans	2	0	0
Total net comprehensive income	4,283	1,710	823
Net comprehensive income attributable to the owner of the parent entity	4,283	1,710	823

Source: 2023 Consolidated Financial Statements, 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements

Consolidated statement of financial position

	As at 31 December		
	2023	2022	2021
		(audited)	
	(PLN million)		
ASSETS			
Cash and balances with the Central Bank	4,068	3,300	48,342
Amounts due from banks	9,726	9,931	5,088
Derivative financial instruments	1,460	1,587	468
Derivative hedging instruments	85	10	-
Securities:	153,483	137,259	93,975
Reverse repurchase agreements	5,269	12,741	10,003
Loans and advances to customers:	42,624	37,072	33,263
Investments in associates	5,600	4,327	4,818
Intangible assets	194	116	80
Property, plant and equipment	185	119	126
Right-of-use assets	63	86	105
Investment property	18	16	19
Current tax receivables	-	-	18
Deferred tax assets	129	373	276
Other assets	95	84	63
Total assets	222,999	207,021	196,644
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to banks	4,459	4,531	3,576
Derivative financial instruments	797	1,359	895
Liabilities to customers	161,582	153,816	150,804
Repurchase agreements	6,436	6,574	10,454
Debt securities issued	1,831	3,934	3,860
Lease liabilities	63	88	113
Other liabilities	6,403	4,924	1,461
Current tax liabilities	574	364	-
Provisions	742	743	759
Total liabilities	182,887	176,333	171,922
Equity			
Statutory capital	34,023	26,879	21,982
Supplementary capital	1,783	1,608	1,553
Revaluation reserve	151	(400)	52
Other capital reserves	232	232	232
Retained earnings/accumulated loss	191	207	28
Net profit (loss) for the current year	3,732	2,162	875
Equity attributable to the owner of the parent entity	40,112	30,688	24,722

	As at 31 December		
	2023	2022	2021
		(audited)	
		(PLN million)	
Total equity.....	40,112	30,688	24,722

Source: 2023 Consolidated Financial Statements, 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements

Alternative Performance Measures

The table below presents selected financial ratios for the Group as of and for the periods indicated below:

	Year ended 31 December		
	2023	2022	2021
		(unaudited)	
Income from banking activities (in PLN million)	5,265	3,704	1,565
Cost to Income (C/I) ratio	16.9%	18.9%	35.7%
Return on assets (ROA)	1.6%	1.0%	0.4%
Return on equity (ROE)	10.6%	7.9%	3.6%
Net interest margin.....	1.8%	1.4%	0.5%

Source: BGK

OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of the Group's results of operations and financial condition based on the 2023 Consolidated Financial Statements, 2022 Consolidated Financial Statements and 2021 Consolidated Financial Statements.

The Group's consolidated historical financial information and other data should be read in conjunction with the information contained in "Use of Proceeds", "Selected Financial Information of the Issuer and Overview of the Group's Financial Condition" and the 2023 Consolidated Financial Statements, 2022 Consolidated Financial Statements and 2021 Consolidated Financial Statements included elsewhere in this Offering Circular.

Unless stated otherwise, the financial and operational information presented in tables in this Offering Circular has been rounded to PLN million. As a result of this, related information appearing within the narrative under this caption and throughout this Offering Circular may vary in minor respects from the information presented in such tables, due to rounding.

The following discussion includes forward-looking statements which, although based on assumptions and/or estimates that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties, please refer to the sections entitled "Forward-Looking Statements" and "Risk Factors."

Overview

BGK is the only Polish state development bank, and its mission is to support the sustainable social and economic development of Poland. The Group's role includes initiating and participating in various forms of cooperation between businesses, public sector entities and financial institutions, including through financing, among others, infrastructure projects and local government projects.

BGK was established as a credit institution in 1924 under the Decree of the President of the Republic of Poland dated 30 May 1924 on Merging State Credit Institutions into Bank Gospodarstwa Krajowego.

The operations of BGK are governed by the Act on Bank Gospodarstwa Krajowego of 14 March 2003, as amended, and the Regulation of the Minister of Development on the adoption of the Articles of Association of Bank Gospodarstwa Krajowego, dated 16 September 2016. Currently, BGK is the primary institution supporting the Polish government in the administration of socio-economic government programmes designed to promote entrepreneurship as well as infrastructure and residential investment at the national, regional and local level.

BGK's Group focuses its activities in several main areas:

- carrying out activities to support the economic growth of Poland by financing infrastructure projects and local government projects and co-financing the foreign expansion of Polish companies and export projects. The Group offers surety and guarantee schemes stimulating the development of micro, small, medium-sized, and large enterprises;
- mobilising capital in the economy by participating in consortia, development of guarantee and surety programmes, and structuring transactions in the domestic and foreign markets. The Group finances its capital needs by cooperating with development institutions;
- co-creating and implementing programmes supporting the development of the housing industry, including providing financing to entities in the social rental housing sector, the rental housing construction sector, in particular to municipal entities, as well as supporting thermal modernisation and refurbishment of residential buildings;
- supplementing the activities of the banking sector, including by providing services not otherwise provided by the banking sector for key areas of the economy, with programmes to activate stagnant

sectors through countercyclical measures. The Group finances projects of significant importance to the economy and supports development in areas where the market is not operating efficiently, and cooperates with other financial institutions on a partnership basis, complementing their offerings; and

- consolidating public finances, managing European Union programmes and distributing European Union funds on a regional and national scale.

The Group carries out its activities in a responsible and sustainable manner, while maintaining a reasonable risk appetite. Planned projects are analysed in terms of risk, including ESG risk. In 2023, the liquidity of BGK was at a safe level and its level of capital adequacy was monitored using capital adequacy ratios determined in line with the Banking Law and the CRR (“**Capital Requirements Regulation**”). As at 31 December 2023, 2022 and 2021, the total capital ratio of BGK (including flow funds) amounted to 31.57 per cent., 31.40 per cent. and 29.39 per cent., respectively.

BGK’s registered office and principal place of business is at Al. Jerozolimskie 7, 00-955 Warsaw, Poland. The correspondence address of BGK is at VARSO 2, ul. Chmielna 73, 00-801 Warsaw, Poland. The telephone number is +48 22 596 59 99.

BGK is controlled by the State Treasury of the Republic of Poland (the “**State Treasury**”). Under the Act dated 14 March 2003 on Bank Gospodarstwa Krajowego (the “**Act**”), BGK is not subject to Polish bankruptcy laws and all of BGK’s assets and liabilities would be taken over by the State Treasury if BGK was ever liquidated. Moreover, pursuant to the Act, the minister competent for public finance must provide BGK with amounts necessary to undertake BGK’s statutory tasks.

Recent Developments

The following discussion highlights the events after 31 December 2023 that may impact Group’s financial performance, its prospects or financial condition:

- on 28 December 2023, the share capital of VINCI S.A. IQ Alternatywna Spółka Inwestycyjna S.K.A. increased through the issue of Series B shares. The share purchase agreement was concluded on 4 January 2024 and the payment of PLN 4.5 million was made on 5 January 2024;
- on 12 February 2024, the share capital of VINCI S.A. Da Gama Alternatywna Spółka Inwestycyjna S.K.A. increased through the issue of Series C shares. The payment of PLN 22.3 million was made on 21 February 2024;
- on 27 February 2024, the share capital of VINCI S.A. Hitech Alternatywna Spółka Inwestycyjna S.K.A. increased through the issue of Series E shares. The payment of PLN 16 million was made on 4 March 2024;
- on 12 February 2024, a EUR 3.1 million payment was made to increase the share capital of Marguerite III, a fund in which BGK is an investor, which focuses on investment in digital, energy, waste and water management and transportation sectors;
- on 20 March 2024, the General Meeting of Investors of the fund PFR FI FIZ AN decided to issue investment certificates of the AJ series for PLN 550 million and to address to the Bank an offer to purchase the investment certificates. The planned payment of PLN 550 million by the Bank was completed in April 2024; and
- the Group is progressing in the implementation of the National Recovery and Resilience Plan (“**KPO**”) loans programme with the relevant ministries. BGK concluded the first agreement on the loan for green transition of cities under the KPO in April 2024.

Key Factors Influencing the Group’s Results of Operations

The following discussion highlights the factors and market trends that BGK believes has significantly affected its results of operations for the periods under review, and expects that such factors and trends may continue to

significantly impact BGK's results of operations in the future. Certain of the below factors have historically been cyclical or volatile, much of which is due to circumstances that are beyond our control. As a result, past performance will not necessarily be indicative of future performance. In addition, important factors that could cause our actual operations or financial condition to differ materially from those expressed or implied below also include, but are not limited to, factors indicated in this Offering Circular under "*Risk Factors*."

Policies of the Polish Government

BGK's business, financial condition and results of operations are significantly affected by the policies of the Polish Government. In recent years, in addition to its ordinary financing activities, BGK has also been mandated pursuant to numerous regulations to undertake government-backed initiatives, including activities of the National Road Fund, the Aid Fund, the Armed Forces Support Fund and the COVID-19 Response Fund. For further information on flow funds see: *Description of the Issuer – Funds*.

BGK's consolidated statement of profit or loss presents revenue and costs related to its own activities and does not include revenue and costs of funds and programmes administered by BGK, except for costs incurred by BGK for the purpose of management of commissioned activities and revenue received as remuneration for such management. The fee and commission income related to fund and programme management amounted to PLN 121 million in 2023, PLN 106 million in 2022, and PLN 113 million in 2021.

Flow funds deal with the management of cash flows used to finance specific budget tasks. The assets and liabilities of flow funds are not disclosed in BGK's financial statements because under the Polish Accounting Act and IFRS they cannot be treated as BGK's assets and liabilities. Therefore, these flow funds are not consolidated into BGK's own financial statements. Detailed information on the financial position and profit and loss of flow funds, which has not been reviewed or audited by an independent auditor, is included in the standalone financial statements of BGK for each financial year.

Payments of principal and interest on the Notes issued for the purposes of the flow funds are serviced solely from the statutory proceeds of the relevant flow fund. Agreements relating to flow funds stipulate that debt repayment has priority over other spending. If a cash shortfall is projected, BGK is required to inform the relevant ministers and has the right to suspend other expenditures of the relevant flow fund. Moreover, in certain circumstances, in the event there is a shortfall in the fund and upon agreement between BGK and the relevant ministry, such fund's expenditures may be temporarily bridge financed from BGK's own funds. Notwithstanding the above, BGK is a primary obligor under the Notes.

These initiatives, and BGK's role therein, are expected to continue for the foreseeable future. Moreover, the Polish Government may establish new initiatives or programmes to be managed or operated by BGK. Even though flow funds are not recognized in the Group's results of operations, the issuances for their purposes constitute a significant majority of the Issuer's activities in the debt financial markets and engage significant resources of the Group. For example total value of liabilities under the bonds issued by BGK for the purposes of the COVID-19 Response Fund amounted to PLN 171,089 million as at 31 December 2023, PLN 149,377 million as at 31 December 2022 and PLN 141,205 million as at 31 December 2021.

Economic Environment

The Group's results of operations are influenced by developments in the Polish and global economy. In 2023, they were driven mostly by a high interest rate environment and the Bank's increased engagement in financing the Polish economy.

Polish economy

In 2023, the Polish economy was still impacted by supply and demand shocks (caused by the outbreak of the war in Ukraine and its consequences) as well as the economic slowdown experienced by its main trade partners, including Germany. Due to these factors, the Polish economy showed signs of stagnation in 2023. According to preliminary data, real GDP increased by 0.2 per cent. in 2023, as compared to 5.3 per cent. in 2022. Domestic demand decreased by 4.1 per cent. in 2023 as compared to increase of 5.2 per cent. in 2022.

Household consumption decreased by 1.0 per cent. in 2023 as compared to a 5.2 per cent. increase in 2022. Investment improved by 8.0 per cent. in 2023 as compared to a 4.9 per cent. increase in 2022. Households felt the persistence of elevated inflation, which continued to primarily affect basic goods (food and energy) and had the largest adverse impact on the disposable income of low-income families. In order to reduce the negative consequences of this process, the government maintained anti-inflationary programmes, including lowering average VAT rates on food and the cost of living throughout 2023. These programmes contributed to the stabilisation of the economy and reduced the erosion of real household income.

The gross value added to GDP was 1.0 per cent. as compared to 5.5 per cent. increase in 2022 (see: *Risk Factors - Risks related to the Issuer and the Group – Risks relating to BGK's business activity and industry - Deterioration in Poland's economic conditions could affect the Group's business, financial condition and results of operations*).

As the Group operates in Poland and aims to fill the funding gap in public and private projects, economic conditions in Poland impact the Group's clients' funding needs and credit risk related thereto. This may translate into, among others, impairment allowances on the Group's exposures to the clients, which amounted to PLN 2,226 million in the year ended 31 December 2023, PLN 1,722 million in the year ended 31 December 2022 and PLN 1,397 million in the year ended 31 December 2021.

Inflation and monetary policy

The economic recovery and strengthening demand Poland saw in the year ended 31 December 2023 was accompanied by a decreasing but still relatively high CPI inflation.

In 2023, Poland experienced high inflation (the average annual inflation in Poland was 11.4 per cent. in 2023 and peaked in February 2023 at 18.4 per cent. year-on-year inflation according to GUS). While this was lower than the 14.4 per cent. inflation rate seen in 2022, the continuing high inflation in 2023 stemmed, to a large extent, from the growth in commodities prices (primarily energy, but also agricultural) in the international markets caused by the COVID-19 pandemic and war in Ukraine. However, by the end of 2023, inflation started to decelerate. In December 2023 inflation was 6.2 per cent. and in March 2024 inflation was 2.0 per cent. The primary factors behind the disinflation in Poland is food and industrial goods prices and the higher pressure on the core indicator stems from the tight labour market, including a low unemployment rate (2.9% in February 2024 according to Eurostat).

In early October 2021, in response to growing inflation, the MPC raised its reference rate to 0.5 per cent. from 0.1 per cent. and increased the required reserve ratio to 2.0 per cent. from 0.5 per cent. In the following months, the MPC continued monetary tightening, given a risk that second-round effects and buoyant demand may feed into elevated inflation in the monetary policy transmission horizon. In the period between November 2021 and August 2022, the MPC hiked interest rates ten times, which lifted the reference rate to 6.75 per cent. The reference rate decreased to 6.00 per cent. (in September 2023) and 5.75 per cent. (in October 2023). The MPC at its March 2024 meeting decided to leave rates unchanged, claiming that their current level (5.75 per cent.) translated into achieving the inflation target. In February 2022, the MPC also increased the required reserve ratio to 3.5 per cent., the level from before the COVID-19 pandemic.

Relatively high interest rates directly impacted BGK's net interest income which increased to PLN 4,290 million in the year ended 31 December 2023, by PLN 1,333 million, or 45.1 per cent., from PLN 2,957 million for the year ended 31 December 2022. For example, in 2023, the average level of the interest bearing assets was PLN 204.7 billion, having grown by PLN 20.1 billion compared to 2022. In 2023, the average interest rate on BGK's interest bearing assets was 7.42 per cent., compared with 5.50 per cent. for 2022. Moreover, in 2023, BGK's average balance of customer deposits was PLN 159.8 billion, an increase of PLN 11.2 billion, or 7.5 per cent. as compared to the previous year. In 2023, the average cost of interest bearing liabilities was 5.47 per cent. as compared to 4.39 per cent. in 2022.

Sustained high inflation could have a negative effect on the financial condition of the Group's customers, and could also put pressure on yields on short- and long-term bonds issued by or held by the Issuer. Moreover, the Group's assets are exposed to increases in inflation and/or in inflation forecasts, which could accompany increases in interest rates and lead to a decrease in the market value of bonds held in the Group's securities

portfolio. Depending on the relevant macroeconomic context, increases in inflation could also have a negative impact on risk premiums and share prices, which could result in a decline in the market value of the Group's equity portfolio. This could have an adverse effect on the profitability of the Group's securities portfolio and the Group's revenues (see: *Key Factors Influencing Group's Results of Operations – Economic Environment – Fluctuation in the value of the securities portfolio*).

Fluctuation in the value of the securities portfolio

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

As at 31 December 2023, debt instruments issued by the State Treasury and the NBP accounted for 90.8 per cent. of the Group's debt securities portfolio. A decrease in the price of such securities may occur as a result of several factors, in particular: (i) an increased supply of such securities by the Polish government due to an increased issue of those securities to finance the budget deficit or an increased offer of securities by investors disposing of them; (ii) increases in domestic interest rates; (iii) a decrease in the credit ratings for Poland's sovereign debt; or (iv) increased political risk and a negative perception of Poland by investors. Any decrease in the price of such securities could adversely affect the Group's business, financial condition and results of operations.

The Group's equity portfolio consists mainly of shares and certificates issued by Polish and foreign investment funds in which BGK is the main investor. These funds are managed by professional external entities, which means that BGK has no direct influence on the results of these funds. The value of these securities may be very volatile due to the market uncertainty and significant operational costs of certain investment funds.

As at 31 December 2023, BGK's net equity investments stood at PLN 7,066 million, up by PLN 1,311 million, or 22.8 per cent., compared to the end of 2022. The change resulted mainly from an increase of exposure to the Three Seas Initiative Investment Fund and higher valuation of PKO BP S.A. shares.

The shares in Three Seas Initiative Investment Fund represent the largest item of BGK's equity portfolio in terms of value.

In addition, as at the end of 2023, BGK was a unitholder of two closed-end investment funds managed by PFR TFI S.A. The funds in which BGK held units invest mainly in infrastructure and support the expansion of Polish businesses.

In addition, BGK has invested in pan-European equity funds operating under the Luxembourg law, established to finance infrastructure projects in the energy sector, including in the generation of electricity from renewable energy sources, transportation and digital infrastructure, i.e., the 2020 European Fund for Energy, Climate Change and Infrastructure and Marguerite II SCSp.

Any adverse market sentiments, including increased market volatility and uncertainty and related market movements may also affect the results of the Group's trading book.

Impact of the Russian Military Invasion of Ukraine

The military attack launched in Ukraine by Russia in late February 2022 caused disruptions in supply chains between Poland, Ukraine, Russia, Belarus and other countries as a result of blocks in the logistics system linking Eastern Europe and Central Europe and sanctions imposed on Russia and Belarus.

The main source of uncertainty for the remainder of 2024 is expected to be related to the war in Ukraine, which has strongly impacted commodity markets and price processes since 2022, and, as a result, consumption, the shape of monetary policies, aggregate demand as well as market sentiment. BGK expects that the Polish economy's performance will be negatively correlated with changes in the inflation rate and associated interest

rate levels. However, the GDP growth rate in 2024 is expected to be positively affected by increased private consumption resulting from the solid condition of the job market, including increase of salaries, and increase in social transfers.

Until the start of military action in Ukraine by Russia, BGK financed investment projects in Ukraine, Russia and Belarus in the area of construction, agriculture and industry. Depending on the object of financing, the exposures are collateralised on the financed assets, most of all KUKE guarantees. The value of financing translated into Polish zloty varies around 1 per cent. of the value of BGK's loan portfolio.

In connection with Russia's armed aggression against Ukraine, BGK decided not to make any new commitments, in particular not to advance any new loans to Russian and Belarusian banks, or submit offers to Russian and Belarusian counterparties. In February 2022, limits for Russian and Belarusian banks as well as country limits for Russia and Belarus were suspended, whereby any further cooperation with banks from these countries was frozen. Concurrently, in order to support Polish exporters in the financing and performance of concluded agreements, and to protect Polish exports from the effects of the changing international situation, BGK has continued to implement the initiated financing, including related to documentary letters of credit, for which BGK made binding offers concerning Ukraine, Russia and Belarus, as long as it does not breach the applicable regulations, especially those relating to sanctions. Until the start of military action in Ukraine by Russia, BGK financed investment projects in Ukraine, Russia and Belarus in the area of construction, agriculture and industry. Depending on the object of financing, the exposures are collateralised on the financed assets, most of all KUKE guarantees. The value of exposures translated into Polish zloty varies around 1 per cent. of the value of the Bank's loan portfolio. For prudential reasons, when Russia initiated the military attack on Ukraine, the Bank immediately reclassified selected financing instruments in Ukraine, Russia and Belarus from Stage 1 to Stage 2 and this classification was maintained throughout 2023. Decisions are made on a case-by-case basis to reclassify exposures to Stage 3 depending on the observed indications for reclassification.

BGK will continue to monitor its loan portfolio with exposure to the risk of war in Ukraine and, if needed, it will extend the analyses in subsequent reporting periods, which may affect the value of the high-risk loan portfolio.

Any further developments connected with Russia's aggression in Ukraine could impact the Group's results of operations (see also "*Risk Factors—Impact of the Russian Military Invasion of Ukraine*").

Presentation of Financial Information

For the purposes of the following discussion of our results of operations, the key line items from the statement of profit and loss include the following: interest income and expenses, fee and commission income and expenses, net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses), net gains (losses) on investments in financial assets, net gains (losses) on derecognition, other operating income and expenses, general administrative expenses, net impairment losses and provision, share of profit or loss of associates.

Interest income and expenses

Interest income comprises interest and fees (received or due) taken into account in the calculation of the effective interest rate for, *inter alia*: loans with agreed repayment schedules, interbank deposits, and financial instruments classified to the fair value through another comprehensive income measurement category. It also includes income of similar nature to interest income on instruments at fair value through profit or loss, in particular interest on derivative instruments in the banking book and debt instruments.

Interest expenses include interest on, *inter alia*, current accounts, deposits and securities.

Interest income and expenses include gains and losses on a non-substantial modification, which did not result in derecognition of an asset from the statement of financial position. Upon a non-substantial modification, the modification gain or loss in a given asset is recognised in the statement of profit or loss and is subsequently amortised until derecognition of the asset from the statement of financial position.

In the case of financial assets for which a Stage 3 (see Note 2.5.5.5 *Impairment* to the 2023 Consolidated Financial Statements) allowance for expected credit losses was recognised, the item includes an impairment interest adjustment.

External interest income and expenses include interest income and expenses, together with the result on swap transactions, effective interest rate and impairment interest adjustments.

Internal interest income and expenses includes costs/revenues from internal funds transfers based on transfer prices pursuant to the market rates and allocation of liquidity margins and capital income.

Fee and commission income and expenses

BGK's fee and commission income and expenses concern mainly financial services offered by the Group and comprise in particular: commissions on credits granted and guarantee liabilities, costs of securities operations, and management fees as well as costs related to administration and management of funds and programmes. Commissions/fees are settled in the period of transactions, except for fees and commissions on administrative activities, which are recognised on a one-off basis in profit or loss. BGK's consideration under fees for services, such as asset management or commissioned activities, is recognised as income in the amount which BGK expects to receive for the provided services or up to the amount of costs incurred.

Commission income and expenses also include fees, whether received or paid, on financial instruments without an agreed repayment schedule. Fees on overdraft facilities, guarantees granted, and other revolving facilities are deferred and classified as commission income.

In relation to bank assurance products, BGK, as the policyholder, offers free-of-charge insurance coverage to credit card holders in the form of an additional card functionality, which is an integral feature of the payment card and does not involve any additional fees on the part of the customer. Payment card insurance costs are deferred and recognised in profit or loss as commissions.

Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses)

Net gains (losses) on financial instruments at fair value through profit or loss comprises gains and losses resulting from changes in the fair value of assets classified as held for trading and those which were designated as at fair value through profit or loss at initial recognition or are obligatorily measured at fair value through profit or loss.

Foreign exchange gains or losses comprise gains or losses, whether realised or not, resulting from the daily measurement of foreign currency assets and liabilities at the mid-exchange rate quoted by the NBP as at the end of the reporting period. In addition, foreign exchange gains (losses) include the net realised and unrealised gain/loss, including the effects of changes in the measurement related to such derivatives as FX FORWARD, FX SWAP (including swap points), CIRS or FX options.

This item does not include the interest portion of the net gain/loss on interest rate derivatives and swap points on FX derivatives classified in the banking book, which are recognised under interest income and expenses.

Net gains (losses) on investments in financial assets

Net gains (losses) on investments in financial assets comprises gains and losses arising from the sale or cancellation of shares and investment certificates of subordinated entities as well as dividend income.

Net gains (losses) on derecognition

Net gains (losses) on derecognition include gains and losses arising from the derecognition of financial assets, in particular following the recognition of a substantial modification of cash flows or their disposal.

Other operating income and expenses

Other operating income and expenses comprise income and expenses which are not directly related to banking operations.

Other operating income includes mainly income from: positive fair value measurement of investment property, bad debt that has been recovered, received damages, penalties, fines, release of provisions for litigation and legal claims and other receivables as well as from the sale of property, plant and equipment and investment property.

Other operating expenses include mainly: costs of donations, costs of debt collection, recognition of provisions for litigation and legal claims, legal risk, other amounts due, and the costs of fair-value measurement, cost of maintenance of investment property, and loss allowance.

General administrative expenses

The item includes costs relating to: employee benefits (including payroll, social insurance and training), material costs, depreciation and amortisation (of property, plant and equipment, intangible assets, right-of-use assets) along with taxes and charges.

Net allowances for expected credit losses

The item includes increases and decreases related to allowances for expected credit losses, in particular:

- assets measured at amortised cost (in particular loans and advances, purchased debt and fulfilled guarantees and sureties) and the related loan commitments,
- financial guarantee contracts and financial assets measured at fair value through other comprehensive income.

Share of profit or loss of associates

This item comprises the Group's share in profits and losses of associates (in proportion to interest held), in which it invested.

Key factors affecting comparability

The presentation of segmental results was revised in 2023. The main changes related to the principles for allocating the specific items to segments. For comparability of results, this Offering Circular also presents 2022 information that was restated in accordance with updated principles.

In the 2023 Consolidated Financial Statements, the Group's presentation of segments are divided into the following reporting segments:

- "Business and institutional customers" which comprises assets and liabilities and financial result related to the following items of servicing the Group's customers (i) in the Bank's relational areas, (ii) in relation to housing support products; (iii) in relation to guarantee schemes; (iv) in the area of EU and government programmes; and (v) in the area of flow funds.
- "Equity investments" which comprises items related to the Group's equity exposure to (i) investment certificates of closed-end private equity investment funds ("FIZAN") (in the consolidated financial statements, certificates issued by funds with the majority interest held by the parent entity are recognised as shares in associates measured with the equity method); and (ii) shares, including shares in regional surety funds and their impact on the consolidated financial statements; and
- "Treasury and other activities" which comprises (i) items related to liquidity, foreign exchange risk and interest rate risk management, including interbank deposits and placements, buy-sell-back and sell-buy-back transactions, transactions in treasury bonds and money bills, nostro accounts, the account at the National Bank of Poland and derivative instruments, (ii) securities comprising portfolios classified as

investment portfolios, (iii) deposit and derivative services at the request of the Ministry of Finance as well as financing the Bank's operations in the medium and long term, such as loans obtained from financial institutions and issues of own bonds, (iv) gain/loss on internal fund transfer pricing settlements with the remaining segments, which is based on percentage rates determined by reference to market rates and rates approved by the Bank's Financial Committee, accounting for transaction currency, maturity and liquidity margins, (v) equity, (vi) mortgage loans to retail clients, (vii) property, plant and equipment and intangible assets, tax assets, liabilities related to the settlement of corporate income tax, lease payments and accrued fees, (viii) other non-interest assets and liabilities, and commissions not allocated to transactions carried out in other segments, (ix) other income and expenses, including donations, and (x) costs excluded from allocation to individual segments, in accordance with the internal instruction on the business cost accounting principles of the Group.

In the 2022 Consolidated Financial Statements and 2021 Consolidated Financial Statements, the Group's operations were divided into the following reporting segments:

- "Treasury and Asset-liability Management", which comprises liquidity and financial risk management (including interbank deposits and placements, repo, buy-sell-back and sell-buy-back transactions, money bills, treasury bonds, commercial bank bonds, nostro account and the account at the NBP, and derivatives), deposit and derivative services at the request of the Ministry of Finance as well as financing BGK's operations in the medium and long term (loans obtained from financial institutions and issues of debt securities). This segment also includes gains/losses from internal fund transfer pricing settlements with the remaining segments. The internal fund transfers are based on transfer pricing rates determined by reference to market rates and the cost of liquidity, while inter-segment transactions are made on arm's-length terms;
- "Public Sector", which comprises transactions with central and local government institutions, excluding those items which fall within the scope of the Treasury and Asset-liability Management segment and are related to deposits and derivatives for the Ministry of Finance. The main clients in this segment are local government units, central budget entities and public health care institutions. The key products in this segment are loans, underwriting issuances of debt securities as well as current accounts and term deposits;
- "Corporate", which covers services and products for private companies and state-owned enterprises, municipal companies, private health care institutions, as well as entities supporting BGK's export finance and construction support activities. The key products in this segment are corporate loans and project finance products (offered individually or as part of a consortium) in the form of loans and underwriting issuances of debt securities, sureties and guarantees as well as current accounts and term deposits; and
- "Other activities", which comprises the Group's investment activities, mainly in the form of acquired investment fund certificates, shares (mainly in subsidiaries) and their effect on the consolidated financial statements, other shares, and investment property. Additionally, this segment presents items related to and the performance of the funds and programmes administered by BGK as well as items that are not recognised in any other segment, such as transactions with financial sector entities other than banks, or services provided to individuals, which are being discontinued.

Group's Results of Operations

The following table sets forth Group's consolidated results of operations for each of the periods indicated.

	Year ended 31 December		
	2023	2022 ¹	2021 ²
		(audited)	
		(PLN million)	
Continuing operations			
Interest income.....	13,796	10,006	1,461
Interest income calculated with the use of the effective interest rate method.....	12,891	9,208	1,368

	Year ended 31 December		
	2023	2022 ¹	2021 ²
	(audited)		
	(PLN million)		
Income of similar nature to interest income on instruments at fair value through profit or loss	905	798	93
Interest expense	(9,487)	(7,041)	(428)
Net interest income	4,309	2,965	1,033
Fee and commission income	471	335	311
Fee and commission expense	(20)	(18)	(16)
Net fee and commission income	451	317	295
Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses)	384	210	169
Net gains (losses) on investments in financial assets	92	55	49
Net gains(losses) on derecognition of financial assets	29	157	19
Other operating income	8	15	332
Other operating expenses	(150)	(92)	(72)
General administrative expenses	(868)	(685)	(652)
Net impairment losses and provisions	(399)	(301)	(332)
Operating result	3,856	2,641	841
Share of profit or loss of associates	705	32	253
Profit before tax	4,561	2,673	1,094
Income tax	(829)	(511)	(219)
Net profit	3,732	2,162	875
Net profit attributable to the owner of the parent entity	3,732	2,162	875

Source: Consolidated Financial Statements

¹ Information as at 31 December 2022 based on the restated values included in 2023 Consolidated Financial Statements.

² Information as at 31 December 2021 based on the restated values included in 2022 Consolidated Financial Statements

Year ended 31 December 2023, as compared to the year ended 31 December 2022

The following table sets forth our results of Group's operations for the year ended 31 December 2023, and 2022.

	For the year ended 31 December	
	2023	2022
	(audited)	
	(PLN million)	
Net interest income	4,309	2,965
Net fee and commission income	451	317
Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses)	384	210
Net gains (losses) on investments in financial assets	92	55
Net gains (losses) on derecognition of financial assets	29	157
Income from banking activities	5,265	3,704
Other operating income and expenses	(142)	(77)
General administrative expenses	(868)	(685)
Net allowances for expected credit losses	(399)	(301)
Operating result	3,856	2,641
Share or profit or loss of associates	705	32
Profit before tax	4,561	2,673
Income tax	(829)	(511)
Net profit	3,732	2,162

Source: 2023 Consolidated Financial Statements

The Group's net profit for 2023 amounted to PLN 3,732 million and was PLN 1,570 million, i.e., 72.6 per cent., higher as compared to 2022. The increase was driven mainly by maintaining a high level of interest charged on the products offered to the Group's customers.

Segment information

The tables below show certain segmental information for the years ended 31 December 2023 and 2022. For a more detailed description of how the segmental information has been prepared, see Note 3 to the 2023

Consolidated Financial Statements. The presentation of segmental results was revised in 2023. The main changes related to the principles for allocating the specific items to segments. For comparability of results the table below presents 2022 information that was restated in accordance with updated principles.

Information on operating segments for the year ended 31 December 2023:

Information on operating segments for the year ended 31 December 2023	Continuing operations			
	Business and institutional customers	Equity investments (audited) (PLN million)	Treasury and other activities	Total
Net interest income	1,754	(332)	2,887	4,309
Net interest income/expense	467	-	(16)	451
Net gain/loss on financial instruments at fair value through profit or loss, net gain/loss on investments in financial assets, and net gain/loss on derecognition of financial assets	166	240	99	505
Other operating income and expenses	(3)	(29)	(110)	(142)
General administrative expenses	(677)	(30)	(161)	(868)
Net impairment losses and provisions	(397)	31	(33)	(399)
Share of profits and losses of associates	-	705	-	705
Operating result	1,310	585	2,666	4,561
Result no liquidity margin and capital transfer	2,266	265	(2,531)	-
Profit before tax	3,576	850	135	4,561
Income tax				(829)
Net profit				3,732

Source: 2023 Consolidated Financial Statements

Information on operating segments for the year ended 31 December 2022 (restated data in accordance with 2023 principles):

Information on operating segments for the year ended 31 December 2022	Continuing operations			
	Business and institutional customers	Equity investments (audited) (PLN million)	Treasury and other activities	Total
Net interest income	1,514	(213)	1,664	2,965
Net external interest income/expense	331	-	(14)	317
Net gain/loss on financial instruments at fair value through profit or loss, net gain/loss on investments in financial assets, and net gain/loss on derecognition of financial assets	336	(29)	115	422
Other operating income and expenses	(2)	(20)	(55)	(77)
General administrative expenses	(539)	(22)	(124)	(685)
Net impairment losses and provisions	(297)	15	(19)	(301)
Share of profits and losses of associates	-	32	-	32
Operating result	1,343	(237)	1,567	2,673
Result on liquidity margin and capital transfer	1,573	165	(1,738)	-
Profit before tax	2,916	(72)	(171)	2,673
Income tax				(511)
Net profit				2,162

Source: 2023 Consolidated Financial Statements

The Group's total operating result for the year ended 31 December 2023 amounted to PLN 4,561 million and was PLN 1,888 million, or 70.6 per cent., higher compared to the year ended 31 December 2022. The change was mainly attributable to positive operating result of equity investments segment and higher operating result of treasury and other activities segment as compared to 2022.

The business and institutional customers segment's operating result for the year ended 31 December 2023 amounted to PLN 1,310 million, and it was 2.5 per cent. lower as compared to an operating profit of PLN 1,343 million in the year ended 31 December 2022. The change was mainly attributable to increase in general administrative expenses and net impairment losses and provisions.

The equity investments segment's operating result for the year ended 31 December 2023 amounted to PLN 585 million as compared to operating loss of PLN 237 million in the year ended 31 December 2022. The change was mainly attributable to change in share of profits and losses in associates which amounted to PLN 705 million in the year ended 31 December 2023 as compared to PLN 32 million in the year ended 31 December 2022.

The treasury and other activities segment's operating result for the year ended 31 December 2023 amounted to PLN 2,666 million and was PLN 1,099 million, i.e., 70.1 per cent., higher compared to the year ended 31 December 2022. The change was mainly attributable to higher net interest income.

Net interest income

Net interest income for 2023 amounted to PLN 4,309 million, an increase of PLN 1,344 million, or 45.3 per cent., from PLN 2,965 million for 2022. This increase was driven mainly by maintaining a high level of interest rates charged on the products offered to the Group's customers as compared to Group's interest liabilities.

Net fee and commission income

Net fee and commission income for 2023 amounted to PLN 451 million, an increase of PLN 134 million, or 42.3 per cent., from PLN 317 million for 2022. The increase was driven mainly by expansion of the Group's operations.

Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses)

In 2023, the Group's net gains on financial instruments at fair value through profit or loss and foreign exchange gains (losses) amounted to PLN 384 million, an increase of PLN 174 million, or 82.9 per cent., from gains of PLN 210 million in 2022. The increase was driven mainly by increase in valuation of the Group's securities portfolio.

Net gains (losses) on investments in financial assets

In 2023, the Group's net gains on investments in financial assets amounted to PLN 92 million, an increase of PLN 37 million, or 67.3 per cent., from PLN 55 million for 2022. The increase was driven mainly by increase in dividends.

Net gains (losses) on derecognition of financial assets

In 2023, the Group's net gains on derecognition of financial assets amounted to PLN 29 million, a decrease of PLN 128 million, or 81.5 per cent., from PLN 157 million in 2022. The decrease was driven mainly by lower results on assets value at amortized cost.

Other operating income

Other operating income for 2023 amounted to PLN 8 million, a decrease of PLN 7 million, or 46.7 per cent. from PLN 15 million for 2022. The change was mainly driven by decrease in received damages and fines as well as decrease in the sale of services.

Other operating expenses

Other operating expenses for 2023 amounted to PLN 150 million, an increase of PLN 58 million, or 63.0 per cent. from PLN 92 million for 2022. This change was mainly driven by increased cost of donations.

General administrative expenses

General administrative expenses for 2023 amounted to PLN 868 million, an increase of PLN 183 million, or 26.7 per cent., from PLN 685 million for 2022. The increase was driven mainly by increase in employment benefits due to growth of wages, changes in the minimum wage as well as increase in total number of employees.

Net allowances for expected credit losses

Net allowances for expected credit losses for 2023 amounted to PLN 399 million, an increase of PLN 98 million, or 32.6 per cent., from PLN 301 million for 2022. The increase was mainly due to the deterioration of the financial condition of several of the Bank's customers and a significant increase in the Bank's loan portfolio.

Share of profit or loss of associates

Share of profit or loss of associates for 2023 amounted to PLN 705 million, an increase of PLN 673 million, from a profit of PLN 32 million for 2022. The increase was mainly driven by increase in the valuation of the investments in PFR FI FIZAN Fund and the Three Seas Initiative Investment Fund.

Year ended 31 December 2022, as compared to the year ended 31 December 2021

The following table sets forth our results of operations for the year ended 31 December 2022, and 2021.

	For the year ended 31 December	
	2022	2021
	<i>(audited)</i>	
	<i>(PLN million)</i>	
Net interest income	2,965	1,033
Net fee and commission income	317	295
Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses).....	210	169
Net gains (losses) on investments in financial assets	55	49
Net gains (losses) on derecognition of financial assets	157	19
Income from banking activities.....	3,704	1,565
Other operating income and expenses.....	(77)	260
General administrative expenses.....	(685)	(652)
Net impairment losses and provisions.....	(301)	(332)
Operating result	2,641	841
Share of profit or loss of associates	32	253
Profit before tax	2,673	1,094
Income tax	(511)	(219)
Net profit.....	2,162	875

Source: 2022 Consolidated Financial Statements

The Group's net profit for 2022 amounted to PLN 2,162 million and was PLN 1,287 million, or 147.1 per cent., higher as compared to 2021. The increase was driven mainly by higher net interest income due to increase of net interest margins in a high interest rate market environment, offset in part by the decrease in other operating income and expenses relating to lack of recognition of valuation of real estate to fair value in 2022 compared to 2021 and higher cost of donations made by BGK in 2022.

Segment information

The tables below show certain segment information for the years ended 31 December 2022 and 2021. For a more detailed description of how the segment information has been prepared, see Note 3 to the 2022 Consolidated Financial Statements.

Information on operating segments for the year ended 31 December 2022:

Information on operating segments for the year ended 31 December 2022	Continuing operations				
	Treasury and asset- liability management	Public Sector	Corporate	Other activities	Total
	<i>(audited)</i>				
	<i>(PLN million)</i>				
Net interest income	(131)	1,350	1,602	144	2,965
Net external interest income/expense	4,730	(1,682)	298	(381)	2,965
Net internal interest income/expense	(4,861)	3,032	1,304	525	-
Net fee and commission income/expense ...	(3)	131	189	-	317

Information on operating segments for the year ended 31 December 2022	Continuing operations				
	Treasury and asset-liability management	Public Sector	Corporate	Other activities	Total
	(audited)				
	(PLN million)				
Net gain/loss on financial instruments at fair value through profit or loss, net gain/loss on investments in financial assets, and net gain/loss on derecognition of financial assets	115	205	127	(25)	422
Income from banking activities.....	(19)	1,686	1,918	119	3,704
Other operating income and expenses.....	-	-	3	(80)	(77)
General administrative expenses.....	(54)	(319)	(268)	(44)	(685)
Net impairment losses and provisions.....	-	(94)	(178)	(29)	(301)
Operating result	(73)	1,273	1,475	(34)	2,641
Share of profit or loss of associates.....	-	-	-	32	32
Profit before tax	(73)	1,273	1,475	(2)	2,673
Income tax.....					(511)
Net profit.....					2,162

Source: 2022 Consolidated Financial Statements

Information on operating segments for the year ended 31 December 2021:

Information on operating segments for the year ended 31 December 2021	Continuing operations				
	Treasury and asset-liability management	Public Sector	Corporate	Other activities	Total
	(audited)				
	(PLN million)				
Net interest income	201	236	560	36	1,033
Net external interest income/expense...	316	121	576	20	1,033
Net internal interest income/expense ...	(115)	115	(16)	16	-
Net fee and commission income/expense	(2)	133	169	(5)	295
Net gain/loss on financial instruments at fair value through profit or loss, net gain/loss on investments in financial assets, and net gain/loss on derecognition of financial assets	(71)	67	23	218	237
Income from banking activities.....	128	436	752	249	1,565
Other operating income and expenses..	-	-	-	260	260
General administrative expenses.....	(42)	(260)	(207)	(143)	(652)
Net impairment losses and provisions..	-	64	(344)	(52)	(332)
Operating result	86	240	201	314	841
Share of profit or loss of associates.....	-	-	-	253	253
Profit before tax	86	240	201	567	1,094
Income tax.....					(219)
Net profit.....					875

Source: 2022 Consolidated Financial Statements

The Group's total operating result for the year ended 31 December 2022 amounted to PLN 2,641 million and was PLN 1,800 million, or 214.0 per cent., higher compared to the year ended 31 December 2021. The change was mainly attributable to increase of the operating result in public sector and corporate segments caused mainly by higher interest rate margins.

The treasury and asset-liability management segment's operating loss for the year ended 31 December 2022 amounted to PLN 73 million, a decrease of 13 million or 15.1 per cent, as compared to an operating profit of PLN 86 million in the year ended 31 December 2021. The change was mainly attributable to change in the net interest income in this segment due to losses from internal fund transfer pricing settlements with the remaining segments. The increases in both external interest income and internal interest expense was a result of higher interest rates applicable to relevant transactions.

The public sector segment's operating result for the year ended 31 December 2022 amounted to PLN 1,273 million and was PLN 1,033 million, or 430.4 per cent., higher compared to the year ended 31 December 2021. The change was mainly attributable to higher interest rate margins on products offered to the public sector.

The corporate segment's operating result for the year ended 31 December 2022 amounted to PLN 1,475 million and was PLN 1,274 million, or 633.8 per cent., higher compared to the year ended 31 December 2021. The change was mainly attributable to higher interest margins on products offered to the corporate clients of BGK in the year ended 31 December 2022.

Other activities segment's operating loss for the year ended 31 December 2022 amounted to PLN 34 million as compared to an operating profit of PLN 314 million for the year ended 31 December 2021. The change was mainly attributable to change in the net interest income in this segment due to higher net internal expenses related to higher interest rates used in the internal settlements.

Net interest income

Net interest income for 2022 amounted to PLN 2,965 million, an increase of PLN 1,932 million, or 187.0 per cent., from PLN 1,033 million for 2021. This increase was driven mainly by an increase in the interest rate charged on the products offered to the Group's customers due to increase of net interest margins in a high interest rate market environment.

Net fee and commission income

Net fee and commission income for 2022 amounted to PLN 317 million, an increase of PLN 22 million, or 7.5 per cent., from PLN 295 million for 2021. The increase was driven mainly by development of BGK activities in the normal course of business.

Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses)

In 2022, the Group's net gains on financial instruments at fair value through profit or loss and foreign exchange gains (losses) amounted to PLN 210 million, an increase of PLN 41 million, or 24.3 per cent., from gains of PLN 169.0 million in 2021. The increase was driven mainly by the re-valuation of the financial instruments held by BGK.

Net gains (losses) on investments in financial assets

In 2022, the Group's net gains on investments in financial assets amounted to PLN 55 million, an increase of PLN 6 million, or 12.2 per cent., from PLN 49 million for 2021. The increase was driven mainly by the higher amount of dividends received and the sale of the Group's interest in affiliated entities.

Net gains (losses) on derecognition of financial assets

In 2022, the Group's net gains on derecognition of financial assets amounted to PLN 157 million, an increase of PLN 138 million, or 726.3 per cent., from PLN 19 million in 2021. The increase was driven mainly by an increase in assets valued based on the amortized cost related to the settlement of modifications of contracts with customers, in particular, a reclassification to the POCI category of the agreement with one customer.

Other operating income

Other operating income for 2022 amounted to PLN 15 million, a decrease of PLN 317 million, or 95.5 per cent., from PLN 332 million for 2021. The change was mainly driven by the lack of recognition of change in fair value measurement of investment property and the lack of revenue from renting the investment properties in 2022 as compared to 2021, due to disinvestment at the end of 2021 in subsidiaries holding mainly investment properties.

Other operating expenses

Other operating expenses for 2022 amounted to PLN 92 million, an increase of PLN 20 million from PLN 72 million for 2021. This change was mainly driven by the rise in donation expenses and the higher costs associated with recognizing provisions for litigation and legal claims.

General administrative expenses

General administrative expenses for 2022 amounted to PLN 685 million, an increase of PLN 33 million, or 5.1 per cent., from PLN 652 million for 2021. The increase was driven mainly by the growing scale of BGK's operations and changes in the macroeconomic environment, including the return to increased business activity after the COVID-19 pandemic. In 2022, the IT System Upgrade Programme, which was launched in 2021, was also continued, the purpose of which is to modernize key systems in the IT architecture and reduce technological debt.

Net allowances for expected credit losses

Net allowances for expected credit losses for 2022 amounted to PLN 301 million, a decrease of PLN 31 million, or 9.3 per cent., from PLN 332 million for 2021. The decrease was mainly driven by the change in reserves established for granted financing and guarantees which was partially set off by the increase of the impairment on loans granted to customers valued in the amortized cost.

Share of profit or loss of associates

Share of profit or loss of associates for 2022 amounted to PLN 32 million, a decrease of PLN 221 million or 87.4 per cent., from a loss of PLN 253 million for 2021. The decrease was mainly driven by results from positive valuation of Fundusz Inwestycji Infrastrukturalnych Kapitałowy FIZ AN and associates controlled by Fundusz Ekspansji Zagranicznej in 2021.

Cash Flow

The following table sets forth the Group's consolidated cash flow data for each of the periods indicated.

	Year ended 31 December		
	2023	2022	2021
		(audited)	
		(PLN million)	
Net cash from operating activities	4,105	(40,211)	15,336
Net cash from investing activities	(916)	546	2,057
Net cash from financing activities.....	(2,519)	(387)	(1,535)
Net cash flows.....	670	(40,052)	15,858
Cash and cash equivalents at the beginning of the period.....	12,777	52,829	36,971
Cash and cash equivalents at the end of the period	13,447	12,777	52,829

Source: 2023 Consolidated Financial Statements, 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements

Net Cash Flows from Operating Activities

Net cash inflow from operating activities for the year ended 31 December 2023 amounted to PLN 4,105 million, a change of PLN 44,316 million, as compared to cash outflow of PLN 40,211 million for the year ended 31 December 2022. This change was mainly due to the PLN 10,291 million change in securities in 2023 compared to the PLN 39,630 million change in 2022, which was mainly driven by the change in securities measured at fair value through other comprehensive income.

Net cash outflow from operating activities for the year ended 31 December 2022 amounted to PLN 40,211 million, a change of PLN 55,547 million, as compared to cash inflow of PLN 15,336 million for the year ended 31 December 2021. This change was mainly due to a PLN 61,355 million cash outflow because of change in the securities valued at amortized cost as compared to 2021, which was mainly caused as a result of the purchase of money bills issued by the NBP to address current liquidity management needs.

Net Cash Flows from Investing Activities

Net cash outflow from investing activities for the year ended 31 December 2023 was PLN 916 million as compared to net cash inflow of PLN 546 million for the year ended 31 December 2022. This change was mainly due to higher investing expenses on acquisition of shares in associates and lower inflows from the sale of shares of subsidiaries in 2023 as compared to 2022.

Net cash inflow from investing activities for the year ended 31 December 2022 was PLN 546 million as compared to net cash inflow of PLN 2,057 million for the year ended 31 December 2021. This change was mainly due to a PLN 1,201 million increase in inflows relating to the sale of shares in affiliates in 2022 and a lack of recognition of sale of shares of subsidiaries in 2022 compared to 2021.

Net Cash Flows from Financing Activities

Net cash outflow from financing activities for the year ended 31 December 2023 was PLN 2,519 million as compared to net cash outflow of PLN 387 million for the year ended 31 December 2022. This change was mainly due to redemption of debt securities issued by the Bank in 2023 as compared to 2022.

Net cash outflow from financing activities for the year ended 31 December 2022 was PLN 387 million as compared to net cash outflow of PLN 1,535 million for the year ended 31 December 2021. This change was mainly due to the redemption of issued debt securities in 2021.

Group's Statement of financial position

	As at 31 December		
	2023	2022	2021
	(audited)		
	(PLN million)		
Assets			
Cash and balances with the Central Bank	4,068	3,300	48,342
Amounts due from banks	9,726	9,931	5,088
Derivative financial instruments	1,460	1,587	468
Hedging derivatives	85	10	-
Securities	153,483	137,259	93,975
Reverse repurchase agreements	5,269	12,741	10,003
Loans and advances to customers	42,624	37,072	33,263
Investments in associates	5,600	4,327	4,818
Intangible assets	194	116	80
Property, plant and equipment	185	119	126
Right-of-use assets	63	86	105
Investment property	18	16	19
Current tax receivables	-	-	18
Deferred tax assets	129	373	276
Other assets	95	84	63
Total assets	222,999	207,021	196,644
Liabilities			
Amounts due to banks	4,459	4,531	3,576
Derivative financial instruments	797	1,359	895
Liabilities to customers	161,582	153,816	150,804
Repurchase agreements	6,436	6,574	10,454
Debt securities issued	1,831	3,934	3,860
Lease liabilities	63	88	113
Other liabilities	6,403	4,924	1,461
Current tax liabilities	574	364	-
Provisions	742	743	759
Total liabilities	182,887	176,333	171,922
Equity			
Statutory capital	34,023	26,879	21,982
Supplementary capital	1,783	1,608	1,553
Revaluation reserve	151	(400)	52
Other capital reserves	232	232	232
Retained earnings (accumulated loss)	191	207	28
Net profit (loss) for the current year	3,732	2,162	875

	As at 31 December		
	2023	2022	2021
		(audited)	
		(PLN million)	
Equity attributable to the owner of the parent entity	40,112	30,688	24,722
Total equity	40,112	30,688	24,722
Total liabilities and equity	222,999	207,021	196,644

Source: 2023 Consolidated Financial Statements, 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements

Year ended 31 December 2023, as compared to the year ended 31 December 2022

Assets

Total assets increased by PLN 15,978 million, or 7.7 per cent., from PLN 207,021 million as of 31 December 2023, to PLN 222,999 million as of 31 December 2022. The change in total assets was driven mostly by the increase of PLN 5,552 million in loans and advances to customers and an increase of PLN 16,224 million in securities.

As of 31 December 2023 the carrying value of securities (representing 68.8 per cent. of assets at 31 December 2023) amounted to PLN 153,483 million and was PLN 16,224 million, or 11.8 per cent. higher than as of 31 December 2022. The change was mainly a result of an increase in the carrying value of the treasury bonds.

As of 31 December 2023, the carrying value of loans and advances to customers (representing 19.1 per cent. of assets at 31 December 2023) amounted to PLN 42,624 million and was PLN 5,552 million, or 15.0 per cent. higher than as of 31 December 2022. The change was a result of increase in loans and advances to customers in the non-financial and budget sectors.

Liabilities

Liabilities increased by PLN 6,554 million, or 3.7 per cent., from PLN 176,333 million as of 31 December 2022, to PLN 182,887 million as of 31 December 2023. The increase was mainly driven by an increase in liabilities to the customers.

As of 31 December 2023, liabilities consisted primarily of the liabilities to customers (representing 88.4 per cent. of liabilities at 31 December 2023), the carrying value of which amounted to PLN 161,582 million, or PLN 7,766 million higher than as of 31 December 2022. The change was a result of increase in liabilities towards financial and budget sectors which was offset by the decrease in liabilities to non-financial sector.

Year ended 31 December 2022, as compared to the year ended 31 December 2021

Assets

Total assets increased by PLN 10,377 million, or 5.3 per cent., from PLN 196,644 million as of 31 December 2021, to PLN 207,021 million as of 31 December 2022. The change in total assets was driven mostly by the increase of PLN 3,809 million in loans and advances to customers and an increase of PLN 4,843 million in the amounts due from banks. The decrease of cash and balances with the central bank of PLN 45,042 million was offset by a PLN 43,707 million increase in debt securities, which increased in particular due to PLN 39,898 million increase in the money bills issued by the NBP.

As of 31 December 2022 the carrying value of securities (representing 66.3 per cent. of assets at 31 December 2022) amounted to PLN 137,259 million and was PLN 43,284 million, or 46.1 per cent. higher than as of 31 December 2021. The change was a result of an increase in the value of securities measured at the amortized cost which was partially offset by the decrease in the value of securities measured at fair value through other comprehensive income.

As of 31 December 2022, the carrying value of loans and advances to customers (representing 17.9 per cent. of assets at 31 December 2022) amounted to PLN 37,072 million and was PLN 3,809 million, or 11.5 per cent. higher than as of 31 December 2021. The change was a result of increase in loans and advances to customers in the non-financial sector.

Liabilities

Liabilities increased by PLN 4,411 million, or 2.6 per cent., from PLN 171,922 million as of 31 December 2021, to PLN 176,333 million as of 31 December 2022. The increase was mainly driven by increase in the other liabilities due to settlements with other funds and programmes, including in particular settlements with the Aid Fund amounting to PLN 2,654 million.

As of 31 December 2022, liabilities consisted primarily of the liabilities to customers (representing 87.2 per cent. of liabilities at 31 December 2022), the carrying value of which amounted to PLN 153,816 million, or PLN 3,012 million higher than as of 31 December 2021. The change was a result of the development of BGK's activities in the normal course of business.

Liabilities under repurchase agreements decreased by PLN 3,880 million, or 37.1 per cent., from PLN 10,454 million at 31 December 2021 to PLN 6,574 million at 31 December 2022, due to lower activity of BGK in the repo market.

Capital Expenditures

Capital expenditures for the years ended 31 December 2023, 2022 and 2021 were PLN 189 million, PLN 67 million and PLN 40 million, respectively.

Capital expenditures in 2023, 2022 and 2021 primarily related to IT system improvements.

Amounts due to banks

BGK has received loans or funds from various financing institutions, including the European Investment Bank, Council of Europe Development Bank and KfW (Kreditanstalt für Wiederaufbau). The following table presents the breakdown of amounts due to banks as at the dates indicated:

	As at 31 December		
	2023	2022	2021
	(audited)		
	(PLN million)		
Amounts due to banks			
Current accounts	504	59	259
Deposits in banks	536	458	313
Loans and advances received, including	2,641	2,734	2,807
<i>European Investment Bank</i>	2,038	2,066	2,346
<i>Council of Europe Development Bank</i>	377	417	264
<i>KfW</i>	226	251	197
Liabilities under cash collateral	776	1,278	195
Other.....	2	2	2
Total	4,459	4,531	3,576

Source: BGK, Consolidated Financial Statements

Debt securities issued

The table below gives primary information on the outstanding debt securities issued by BGK for its own purposes as at the date of the Offering Circular:

Issuer	Status	Currency	Principal amount (million)	Interest rate	Issue Date	Maturity Date	Listing
BGK	Senior	PLN	PLN 1,276	WIBOR6M + margin	16 November 2023	16 November 2023	Warsaw Stock Exchange
BGK	Senior	PLN	EUR 125	fixed	11 December 2023	11 December 2026	Luxembourg Stock Exchange

Source: BGK

Flow funds liabilities

BGK carries out government tasks on the basis of acts and agreements with ministries, including through flow funds established by, entrusted with or transferred to BGK, for which, by virtue of law, BGK keeps separate accounting books and prepares separate financial statements.

Flow funds deal with the management of cash flows used to finance specific budget tasks. The assets and liabilities of flow funds are not disclosed in BGK's financial statements because under the Polish Accounting Act and IFRS they cannot be treated as BGK's assets and liabilities. Therefore, liabilities incurred for the purposes of flow funds, including Guaranteed Notes issued for the purposes of flow funds are not disclosed in BGK's balance sheet.

Payments of principal and interest on the Notes issued for the purposes of flow funds are serviced solely from the statutory proceeds of the relevant flow funds. If a cash shortfall is projected, BGK is required to inform the relevant ministers and has the right to suspend other expenditures of the relevant flow fund. Moreover, in certain circumstances, in the event there is a shortfall in the fund and upon agreement between BGK and the relevant ministry, such fund's expenditures may be temporarily bridge financed from BGK's own funds. Notwithstanding the above, BGK is a primary obligor under the Notes.

Additionally, with respect to certain funds, including the COVID-19 Response Fund and Aid Fund, the applicable regulations explicitly provide that the minister competent for public finance is obliged to provide the fund with amounts required to timely service the bonds issued under the particular fund.

Therefore, investors in the Notes issued for the purposes of flow funds should also be aware that the Notes will be serviced primarily out of funds received from the flow funds, and the ability of the Issuer to provide debt service on the Notes issued for the purposes of flow funds is also dependent on the financial condition of the relevant flow funds.

Detailed information on the financial position and profit and loss of flow funds for each financial year, which has not been reviewed or audited by an independent auditor, is available in the statements of funds established under separate legislation, which is included in the 2023 Standalone Financial Statements, 2022 Standalone Financial Statements and 2021 Standalone Financial Statements incorporated by reference in this Offering Circular.

For a further description of the accounting treatment of flow funds see Note 2.5.1 *Presentation of the Statement of Financial Position and the Statement of Profit or Loss of the Parent Entity* to 2023 Consolidated Financial Statements.

Off-balance sheet liabilities granted and received

The table below presents the Group's off-balance sheet liabilities granted as of the dates indicated:

	As at 31 December		
	2023	2022	2021
	(audited)		
	(PLN million)		
Financial liabilities granted			
Credit lines and limits	83,492	77,314	55,048
to financial institutions.....	6,091	5,028	1,015
to non-financial institutions	21,088	22,468	14,948
to public sector entities	56,313	49,818	39,085
Other liabilities	393	389	246
Certificates, future contribution commitment	2,289	3,160	2,463
Total	86,174	80,863	57,757

Source: Consolidated Financial Statements

The table below presents the Group's guarantee liabilities granted as of the dates indicated:

	As at 31 December		
	2023	2022	2021
	(audited)		
	(PLN million)		
Guarantee liabilities granted			
Guarantees and sureties	31,179	27,936	18,187
to financial institutions.....	9,938	8,038	2,020
to non-financial institutions	20,903	19,490	15,851
to public sector entities	338	408	316
Letters of credit granted.....	4	2	46
to financial institutions.....	4	2	46
Total.....	31,183	27,938	18,233

Source: Consolidated Financial Statements

The table below presents the Group's guarantee liabilities received as of the dates indicated:

	As at 31 December		
	2023	2022	2021
	(audited)		
	(PLN million)		
Off-balance-sheet liabilities received			
Financial	13,798	13,037	13,359
Guarantee	20,632	27,256	9,761
Total.....	34,430	40,293	23,120

Source: Consolidated Financial Statements

Critical accounting policies

The preparation of the Issuer's financial statements in compliance with IFRS requires its Management Board to exercise professional judgment and make estimates and assumptions that impact the adopted accounting principles and the value of assets, liabilities, revenues and costs presented. All estimates and related assumptions are based on historical experience and various other factors considered reasonable under the given circumstances. Actual results may therefore differ from these estimates under different assumptions or conditions.

The estimates and related assumptions are subject to regular verification. Changes in accounting estimates are recognized in the period in which they are made, if such changes apply solely to that period, or in the current period and future periods, if such changes apply both to the current and future periods.

The Group's significant accounting principles are set out in Note 2 *Accounting Policies* to the 2023 Consolidated Financial Statements incorporated by reference elsewhere in this Offering Circular.

SELECTED STATISTICAL AND OTHER INFORMATION

Except as specifically noted herein, the information presented in this section is derived from the Consolidated Financial Statements (and the notes thereto). This section should be read in conjunction with the Consolidated Financial Statements incorporated by reference in this Offering Circular, as well as with “Operating and Financial Review”.

Some of the information included in this section of the Prospectus is not extracted from the Bank’s audited financial statements and is unaudited. Such information is derived from the Bank’s internal accounting and management information systems.

Interest-earning assets and interest-bearing liabilities

In 2023, BGK’s net interest income totalled PLN 4,290 million and grew by PLN 1,333 million, or 45.1 per cent. as compared to the previous year. The increase in net interest income was primarily attributable to high interest rates and higher levels of average interest-earning asset balances.

In 2023, the average level of BGK’s interest-earning assets, including in particular loans and debt securities, was PLN 204.7 billion, having increased by PLN 20.1 billion, or 10.9 per cent., year-on-year. The largest group of interest-earning assets was the portfolio of debt securities, which averaged PLN 121.1 billion in 2023, an increase by PLN 14.8 billion compared to the previous year. In 2023, average interest rate on the debt securities portfolio amounted to 6.23 per cent., as compared to 5.11 per cent. in 2022. In 2023, the average level of the loans and advances (gross) portfolio was PLN 51.4 billion, having grown by PLN 3.6 billion compared to 2022. In 2023, the average interest rate on BGK’s portfolio of loans and advances to customers was 7.42 per cent., compared with 5.50 per cent. for 2022.

In 2023, the average balance of BGK’s interest-bearing liabilities was PLN 168.6 billion, up by PLN 9.4 billion, or 5.9 per cent. in relation to the previous year.

Customer deposits represented the largest item of BGK’s interest-bearing liabilities. In 2023, BGK’s average balance of customer deposits was PLN 159.8 billion, up by PLN 11.2 billion, or 7.5 per cent. as compared to the previous year. In 2023, the average cost of deposits was 5.47 per cent. as compared to 4.39 per cent. in 2022. Other interest-bearing liabilities included own bonds issued and interbank loans.

In 2022, BGK’s net interest income totalled PLN 2,957 million and grew by PLN 1,935 million, or 189.3 per cent. as compared to the previous year. The increase in net interest income was primarily attributable to a significant rise in the interest rate charged on assets.

In 2022, the average level of BGK’s interest-earning assets, including in particular loans and debt securities, was PLN 184 billion, having decreased by PLN 1 billion, or 0.5 per cent., year-on-year. The largest group of interest-earning assets was the debt portfolio, which averaged PLN 106.2 billion in 2022, a decrease by PLN 15.7 billion compared to the previous year. In 2022, average interest rate on the debt securities portfolio amounted to 5.11 per cent., as compared to 0.4 per cent. in 2021. In 2022, the average level of the loans and advances portfolio was PLN 47.8 billion, having grown by PLN 2.2 billion compared to 2021. In 2022, the average interest rate on BGK’s portfolio of loans and advances to customers was 5.5 per cent., compared with 1.79 per cent. for 2021.

In 2022, the average balance of BGK’s interest-bearing liabilities was PLN 159.3 billion, down by PLN 5.8 billion, or 3.5 per cent. in relation to the previous year.

Customer deposits represented the largest item of BGK’s interest-bearing liabilities. In 2022, BGK’s average balance of customer deposits was PLN 148 billion, down by PLN 6 billion, or 3.7 per cent. as compared to the previous year. In 2022, the average cost of deposits was 4.39 per cent. as compared to 0.23 per cent. in 2021. Other interest-bearing liabilities included own bonds issued and interbank loans.

The table below presents the average interest rate on BGK's portfolio of loans and advances to customers and the average cost of deposits:

Item	Year ended 31 December		
	2023	2022	2021
		(unaudited)	
Average level of interest-earning assets (in PLN billion)	204.7	184	184.7
Average interest on loans and advances to customers.....	7.42%	5.5%	1.79%
Average level of interest-bearing liabilities (in PLN billion).....	168.8	159.3	165.1
Average interest on interest-bearing liabilities.....	5.47%	4.39%	0.23%

Source: BGK. All data calculated based on BGK's monthly standalone financial information.

Capital adequacy and leverage risk

A detailed description of BGK's capital ratios is included in Note 50 (*Capital adequacy and leverage risk*) to the 2023 Consolidated Financial Statements.

Under Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended, and under Article 128(1)(2) of the Banking Law, BGK has to satisfy the following own-fund requirements:

- a Common Equity Tier 1 capital ratio of 4.5 per cent.;
- a Tier 1 capital ratio of 6 per cent.; and
- a total capital ratio of 8 per cent.;
- a leverage ratio of 3 per cent.; and
- an internal capital ratio of 100 per cent. (understood as the ratio of internal capital to own funds).

The table below presents selected data concerning the capital ratios of BGK, including flow funds as at the dates indicated below:

Item ¹	as at 31 December 2023	as at 31 December 2022 ²	as at 31 December 2021 ³
		(audited)	
Common Equity Tier 1 capital ratio	31.57%	31.40%	29.39%
Tier 1 capital ratio	31.57%	31.40%	29.39%
Total capital ratio	31.57%	31.40%	29.39%
Internal capital ratio	34.21%	34.58%	38.37%
Own funds (PLN million)	35,845	30,174	24,381
Tier 1 capital (PLN million).....	35,845	30,174	24,381
Common Equity Tier 1 (PLN million).....	35,845	30,174	24,381
Additional Tier 1 (PLN million)	-	-	-
Tier 2 capital (PLN million).....	-	-	-
Total capital requirement (PLN million).....	9,082	7,688	6,636
Internal capital (PLN million).....	12,264	10,434	9,355
Leverage ratio	5.55%	5.37%	5.27%

Source: Consolidated Financial Statements

¹ Ratios calculated on a standalone basis as according to the CRR Bank was not obliged to apply prudential consolidation.

Source: ² Information as at 31 December 2022 based on the restated values included in 2023 Consolidated Financial Statements.

³ Information as at 31 December 2021 based on the restated values included in 2022 Consolidated Financial Statements.

The table below presents selected data concerning the capital ratios of BGK, excluding flow funds as at the dates indicated below:

Item ¹	as at 31 December 2023	as at 31 December 2022 ²	as at 31 December 2021 ³
		(audited)	
Common Equity Tier 1 capital ratio	33.32%	31.57%	29.52%
Tier 1 capital ratio	33.32%	31.57%	29.52%

Item ¹	as at 31 December 2023	as at 31 December 2022 ²	as at 31 December 2021 ³
		(audited)	
Total capital ratio	33.32%	31.57%	29.52%
Internal capital ratio	31.74%	32.40%	36.37%
Own funds (PLN million)	35,845	30,174	24,381
Tier 1 capital (PLN million)	35,845	30,174	24,381
Common Equity Tier 1 (PLN million)	35,845	30,174	24,381
Additional Tier 1 (PLN million)	-	-	-
Tier 2 capital (PLN million)	-	-	-
Total capital requirement (PLN million)	8,605	7,645	6,607
Internal capital (PLN million)	11,376	9,778	8,868
Leverage ratio	12.34%	11.34%	11.13%

Source: Consolidated Financial Statements

¹ Ratios calculated on a standalone basis as according to the CRR Bank was not obliged to apply prudential consolidation.

Source: ²Information as at 31 December 2022 based on the restated values included in 2023 Consolidated Financial Statements.

³ Information as at 31 December 2021 based on the restated values included in 2022 Consolidated Financial Statements.

Loan portfolio

The key ratios concerning the quality of BGK's loans for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 are included in the table below:

Item	Year ended 31 December		
	2023	2022	2021
		(unaudited)	
	(PLN million)		
Allowances for loan losses in total loan portfolio	5.0%	4.4%	4.0%
Non-accrual loans (non-payment exceeding 90 days) in total loan portfolio	1.1%	1.8%	1.3%
Allowances for loan losses on non-accrual loans	24.4%	26.4%	27.8%
Average allowance on average loan (PLN) ¹	254,478	200,937	158,155

Source: BGK

¹ Value of write-downs divided by the number of exposures included in gross "Loans and advances to customers".

The table below shows the quality of the Group's credit portfolio measured at amortised cost as at 31 December 2023.

Loans and advances to customers at amortised cost	31 December 2023		
	Gross loans	Impairment allowances	Net loans
		(audited)	
	(PLN million)		
Loans and advances to customers, including:	44,763	2,226	42,537
financial sector	4,128	48	4,080
loans and advances	4,099	48	4,051
guarantees and sureties	1	-	1
other receivables	28	-	28
non-financial sector	29,358	2,027	27,331
loans and advances	28,294	1,401	26,893
purchased debt	159	13	146
guarantees and sureties	905	613	292
public sector	11,277	151	11,126
loans and advances	11,204	149	11,055
purchased debt	72	2	70
other receivables	1	-	1

Source: 2023 Consolidated Financial Statements

The table below shows the quality of the Group's credit portfolio measured at amortised cost as at 31 December 2022.

Loans and advances to customers at amortised cost	31 December 2022		
	Gross loans	Impairment allowances	Net loans
	<i>(audited)</i>		
	<i>(PLN million)</i>		
Loans and advances to customers, including:	38,697	1,722	36,975
financial sector	3,107	35	3,072
loans and advances.....	3,093	35	3,058
guarantees and sureties	1	-	1
other receivables	13	-	13
non-financial sector.....	26,814	1,612	25,202
loans and advances.....	25,887	1,210	24,677
purchased debt	267	4	263
guarantees and sureties	660	398	262
public sector.....	8,776	75	8,701
loans and advances.....	8,681	73	8,608
purchased debt	95	2	93

Source: 2023 Consolidated Financial Statements

The table below shows the quality of the Group's credit portfolio measured at amortised cost as at 31 December 2021.

Loans and advances to customers at amortised cost	31 December 2021		
	Gross loans	Impairment allowances	Net loans
	<i>(audited)</i>		
	<i>(PLN million)</i>		
Loans and advances to customers, including:	34,575	1,397	33,178
financial sector	2,237	23	2,214
loans and advances.....	2,223	23	2,200
guarantees and sureties	1	-	1
other receivables	13	-	13
non-financial sector.....	23,119	1,266	21,853
loans and advances.....	22,376	987	21,389
purchased debt	245	1	244
guarantees and sureties	498	278	220
public sector.....	9,219	108	9,111
loans and advances.....	9,100	104	8,996
purchased debt	119	4	115

Source: 2022 Consolidated Financial Statements

The table below presents the change in the gross carrying amount and impairment allowances on loans and advances to customers at amortised cost as at 31 December 2023 and 31 December 2022.

Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3 (NPL)	POCI (NPL)	Total
	<i>(audited)</i>				
	<i>(PLN million)</i>				
Gross carrying amount as at 31 December 2022	29,870	4,672	3,678	477	38,697
Transfer to Stage 1	850	(841)	(9)	-	-
Transfer to Stage 2	(2,883)	2,914	(31)	-	-
Transfer to Stage 3	(284)	(888)	1,172	-	-
New/purchased/granted financial assets	14,312	383	343	33	15,071
Derecognition of financial assets	(9,294)	(1,207)	(629)	(79)	(11,209)
Financial assets that have been written off in the statement of financial position	-	-	(48)	-	(48)

Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3 (NPL)	POCI (NPL)	Total
			<i>(audited)</i>		
			<i>(PLN million)</i>		
Other changes (including partial repayments and disbursements of further tranches)	1,720	434	92	6	2,252
Gross carrying amount as at 31 December 2023	34,291	5,467	4,568	437	44,763
Impairment allowance					
Impairment allowances as at 31 December 2022	266	156	1,307	(7)	1,722
Transfer to Stage 1	38	(33)	(5)	-	-
Transfer to Stage 2	(32)	41	(9)	-	-
Transfer to Stage 3	(8)	(37)	45	-	-
New/purchased/granted financial assets	63	1	26	-	90
Derecognition of financial assets	(10)	(8)	(48)	(5)	(71)
Financial assets that have been written off in the statement of financial position	-	-	(46)	-	(46)
Changes in credit risk level (excluding transfers between stages)	(11)	54	490	25	558
Other changes (foreign exchange gains (losses))	(7)	(4)	(16)	-	(27)
Impairment allowances as at 31 December 2023	299	170	1,744	13	2,226

Source: 2023 Consolidated Financial Statements;

The table below presents the change in the gross carrying amount and impairment allowances on loans and advances to customers at amortised cost as at 31 December 2022 and 31 December 2021.

Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3 (NPL)	POCI (NPL)	Total
			<i>(audited)</i>		
			<i>(PLN million)</i>		
Gross carrying amount as at 31 December 2021	27,716	4,012	2,819	28	34,575
Transfer to Stage 1	949	(812)	(137)	-	-
Transfer to Stage 2	(2,726)	2,726	-	-	-
Transfer to Stage 3	(260)	(745)	978	27	-
New/purchased/granted financial assets	22,343	1,141	610	444	24,538
Derecognition of financial assets	(5,474)	(713)	(181)	-	(6,368)
Financial assets that have been written off in the statement of financial position	-	-	(15)	-	(15)
Other changes (including partial repayments and disbursements of further tranches)	(12,678)	(937)	(396)	(22)	(14,033)
Gross carrying amount as at 31 December 2022	29,870	4,672	3,662	477	38,697
Impairment allowance					
Impairment allowances as at 31 December 2021	257	116	1,023	1	1,397
Transfer to Stage 1	51	(17)	(34)	-	-
Transfer to Stage 2	(31)	31	-	-	-
Transfer to Stage 3	(4)	(14)	18	-	-
New/purchased/granted financial assets	90	-	44	-	134
Derecognition of financial assets	(18)	(116)	(63)	-	(197)
Financial assets that have been written off in the statement of financial position	-	-	(13)	-	(13)
Changes in credit risk level (excluding transfers between stages)	(83)	155	326	(8)	390
Other changes (foreign exchange gains (losses))	4	1	6	-	11
Impairment allowances as at 31 December 2022	266	156	1,307	(7)	1,722

Source: 2023 Consolidated Financial Statements

Liquidity gap and sources of funding

Liquidity gap

The Group's market-based liquidity gap is presented below. In particular, the following are adjusted to their market values: deposit values (on the basis of estimated core deposits), liquid securities (presented in recovery values achievable in specific time periods), and financial and guarantee off-balance-sheet liabilities granted (in the scope of estimated amounts and deadlines).

The Group's market-based liquidity gap	up to 1 month	1-3 months	3-6 months	6 months – 1 year	1-5 years	more than 5 years
	(audited)					
	(PLN million)					
As at 31 December 2023						
Gap	56,654	(3,610)	(2,131)	2,865	(41,233)	(28,256)
Aggregate gap	56,654	53,044	50,913	53,778	12,545	(15,711)
As at 31 December 2022						
Gap	46,714	(11,013)	(4,212)	(7,283)	(24,819)	(27,823)
Aggregate gap	46,714	35,701	31,489	24,206	(613)	(28,436)
As at 31 December 2021						
Gap	54,078	(10,014)	(4,440)	(2,898)	(33,167)	(20,563)
Aggregate gap	54,078	44,064	39,624	36,726	3,559	(17,004)

Source: Consolidated Financial Statements

Sources of funding

The Group has diversified sources of funding, including deposits from customers, funds from issues of own bonds, and loans granted by international financial institutions.

The liability structure by contractual maturity is presented below. The amounts include cash flows from the principal amount and interest (if applicable) for the entire financing period. For off-balance-sheet liabilities, exposures are presented by contractual maturity.

Liabilities of the Group as at 31 December 2023	up to 1 month	1-3 months	3-6 months	6 months – 1 year	1-5 years	more than 5 years	Total
	(audited)						
	(PLN million)						
Balance sheet liabilities							
Amounts due to banks	3,613	167	160	282	1,175	2,336	7,733
Liabilities to customers	146,291	15,858	2,741	1,512	34	-	166,436
Own issues	-	-	43	62	2,050	-	2,155
Lease liabilities	6	2	8	15	24	8	63
Total	149,910	16,027	2,952	1,871	3,283	2,344	176,387
Off-balance-sheet liabilities granted							
Financing commitments	65,259	787	814	2,679	7,422	9,213	86,174
Guarantee liabilities	4,243	825	1,044	4,793	19,288	990	31,183
Total	69,502	1,612	1,858	7,472	26,710	10,203	117,357

Source: 2023 Consolidated Financial Statements

Liabilities of the Group as at 31 December 2022	up to 1 month	1-3 months	3-6 months	6 months – 1 year	1-5 years	more than 5 years	Total
	(audited)						
	(PLN million)						
Balance sheet liabilities							
Amounts due to banks	3,741	136	164	295	1,460	2,258	8,054
Liabilities to customers	151,010	5,238	1,880	380	32	-	158,540
Own issues	-	2,078	74	1,922	-	-	4,074
Lease liabilities	2	2	9	16	51	8	88
Total	154,753	7,454	2,127	2,613	1,543	2,266	170,756
Off-balance-sheet liabilities granted							
Financing commitments	66,874	94	888	559	7,560	4,888	80,863
Guarantee liabilities	3,435	2,025	3,098	6,344	10,263	2,773	27,938
Total	70,309	2,119	3,986	6,903	17,823	7,661	108,801

Source: 2022 Consolidated Financial Statements

Liabilities of the Group as at 31 December 2021	up to 1 month	1-3 months	3-6 months	6 months – 1 year	1-5 years	more than 5 years	Total
	(audited)						
	(PLN million)						
Balance sheet liabilities							
Amounts due to banks	4,475	129	178	286	1,295	1,456	7,819
Liabilities to customers	137,714	10,870	1,875	639	20	-	151,118
Own issues	-	7	12	84	3,976	-	4,079
Lease liabilities	6	-	-	1	86	20	113
Total	142,195	11,006	2,065	1,010	5,377	1,476	163,129
Off-balance-sheet liabilities granted							
Financing commitments	46,411	101	206	547	7,123	3,436	57,824
Guarantee liabilities	5,573	1,416	601	3,706	5,967	970	18,233
Total	51,984	1,517	807	4,253	13,090	4,406	76,057

Source: 2021 Consolidated Financial Statements

Exposures

The table below presents the Group's exposure to the 20 largest non-bank customers:

	As at 31 December					
	2023		2022		2021	
			(audited)			
	No.	Exposure* (PLN million)	Share in the loan portfolio	Exposure* (PLN million)	Share in the loan portfolio	Exposure* (PLN million)
1.	7,792	15.0%	9,810	19.6%	5,099	11.2%
2.	4,803	9.2%	8,291	16.5%	3,709	8.2%
3.	4,617	8.9%	3,514	7.0%	3,259	7.2%
4.	3,049	5.9%	3,081	6.1%	2,842	6.3%
5.	2,883	5.6%	3,001	6.0%	2,562	5.7%
6.	2,755	5.3%	2,842	5.7%	2,371	5.2%
7.	2,626	5.1%	2,485	5.0%	1,770	3.9%
8.	2,151	4.1%	2,383	4.8%	1,410	3.1%
9.	1,964	3.8%	1,530	3.1%	1,097	2.4%
10.	1,913	3.7%	1,321	2.6%	1,079	2.4%
11.	1,771	3.4%	1,081	2.2%	1,051	2.3%
12.	1,749	3.4%	1,050	2.1%	1,021	2.3%
13.	1,404	2.7%	1,000	2.0%	900	2.0%
14.	1,397	2.7%	953	1.9%	821	1.8%
15.	1,325	2.6%	946	1.9%	747	1.6%
16.	1,251	2.4%	869	1.7%	740	1.6%
17.	1,215	2.3%	790	1.6%	551	1.2%
18.	1,182	2.3%	789	1.6%	544	1.2%
19.	1,110	2.1%	750	1.5%	525	1.2%
20.	1,096	2.1%	745	1.5%	500	1.1%
Total	48,053	92.6%	47,231	94.4%	32,598	71.9%

Source: Consolidated Financial Statements

* Includes balance-sheet and off-balance-sheet credit exposure: loans, advances, purchased debts, promissory note discount, guarantees, debt securities, and derivative transaction limits. The amount of exposure is calculated for the purposes of external limits (large exposure concentration limits) without deductions. The data does not cover the exposure to the central government.

The table below present the Group's exposure to five largest non-bank groups:

No.	As at 31 December					
	2023		2022		2021	
			(audited)			
	Exposure* (in PLN million)	Share in the loan portfolio	Exposure* (in PLN million)	Share in the loan portfolio	Exposure* (in PLN million)	Share in the loan portfolio
1.	8,325	16.0%	11,925	23.8%	6,437	14.2%
2.	8,192	15.8%	8,291	16.5%	5,404	11.9%
3.	6,237	12.0%	6,082	12.1%	4,258	9.4%
4.	5,804	11.2%	4,605	9.2%	3,795	8.4%
5.	5,019	9.7%	3,993	8.0%	3,259	7.2%
Total	33,577	64.7%	34,896	69.9%	23,153	51.1%

Source: Consolidated Financial Statements

* Includes balance-sheet and off-balance-sheet credit exposure: loans, advances, purchased debts, promissory note discount, guarantees, debt securities, and derivative transaction limits. The amount of exposure is calculated for the purposes of external limits (concentration limits) without deductions. The data does not cover the exposure to the central government.

The table below presents the Group's exposure to specific economy sectors:

Industry	As at 31 December					
	2023		2022 ²		2021 ³	
	Amount of exposure*	Total share in exposure	Amount of exposure*	Total share in exposure	Amount of exposure*	Total share in exposure
	(audited)					
	(PLN million)					
Public administration and defence, compulsory social security	11,967	23.2%	11,089	22.1%	11,233	24.8%
Mining and quarrying	2,289	4.4%	2,955	5.9%	2,429	5.4%
Production and supply of electricity, gas and steam	6,793	13.1%	4,669	9.3%	5,825	12.8%
Construction	2,707	5.2%	2,784	5.6%	4,823	10.6%
Transport, storage	3,559	6.9%	4,625	9.2%	3,965	8.7%
Manufacturing	4,270	8.2%	4,057	8.1%	2,960	6.5%
Professional, scientific and technical activities	3,940	7.6%	2,373	4.7%	2,152	4.7%
Property management and administration	5,191	10.0%	5,195	10.4%	2,106	4.6%
Financial and insurance activities	3,546	6.8%	3,530	7.0%	2,072	4.6%
Human health services and social work activities	1,831	3.5%	2,029	4.0%	1,940	4.3%
Other	5,845	11.1%	6,847	13.7%	5,829	13.0%
Total	51,938	100.0%	50,153	100.0%	45,334	100.0%

Source: Consolidated Financial Statements

¹ Information as at 31 December 2022 based on the restated values included in 2023 Consolidated Financial Statements

² Information as at 31 December 2021 based on the restated values included in 2022 Consolidated Financial Statements.

* Includes balance-sheet credit exposure: loans, advances, purchased debts, promissory note discount, guarantees and debt securities.

Securities portfolio

The table below presents the Group's securities portfolio as at 31 December 2023:

	Held for trading	Not held for trading measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Measured at amortised cost	Total
	(audited)				
	(PLN million)				
Debt securities	20	-	63,471	87,939	151,430
NBP (money market) bills	-	-	36,555	77,462	114,017
treasury bonds	20	-	20,088	3,323	23,431
corporate bonds	-	-	2,128	3,317	5,445
subordinated bonds	-	-	1,611	-	1,611
covered bonds	-	-	144	-	144
municipal bonds	-	-	2,945	3,837	6,782
Equity securities	-	54	1,349	-	1,403
listed shares in other entities	-	-	1,305	-	1,305

	Held for trading	Not held for trading measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Measured at amortised cost	Total
			(audited)		
			(PLN million)		
unlisted shares in other entities	-	54	44	-	98
Other financial assets.....	-	650	-	-	650
Total.....	20	704	64,820	87,939	153,483

Source: 2023 Consolidated Financial Statements

The table below presents the Group's securities portfolio as at 31 December 2022:

	Held for trading	Not held for trading measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Measured at amortised cost	Total
			(audited)		
			(PLN million)		
Debt securities	6	74	47,764	87,875	135,719
NBP (money market) bills	-	-	31,074	78,956	110,030
treasury bonds.....	6	-	9,857	2,228	12,091
corporate bonds.....	-	74	2,840	4,698	7,612
subordinated bonds	-	-	1,555	-	1,555
covered bonds.....	-	-	43	-	43
municipal bonds.....	-	-	2,395	1,993	4,388
Equity securities	-	1	896	-	897
listed shares in other entities.....	-	-	796	-	796
unlisted shares in other entities	-	1	100	-	101
Other financial assets.....	-	643	-	-	643
Total.....	6	718	48,660	87,875	137,259

Source: Consolidated Financial Statements

The table below presents the Group's securities portfolio as at 31 December 2021:

	Held for trading	Not held for trading measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Measured at amortised cost	Total
			(audited)		
			(PLN million)		
Debt securities	9	6	65,477	26,520	92,012
NBP (money market) bills	-	-	49,638	20,494	70,132
treasury bonds.....	9	-	10,038	195	10,242
corporate bonds.....	-	6	1,845	4,241	6,092
subordinated bonds	-	-	1,398	-	1,398
commercial bills.....	-	-	49	-	49
covered bonds.....	-	-	68	-	68
municipal bonds.....	-	-	2,441	1,590	4,031
Equity securities	-	7	1,216	-	1,223
listed shares in other entities.....	-	7	1,157	-	1,164
unlisted shares in other entities	-	-	59	-	59
Other financial assets.....	-	740	-	-	740
Total.....	9	753	66,693	26,520	93,975

Source: Consolidated Financial Statements

Derivative financial instruments

The table below presents the fair and nominal value of the Group's derivative financial instruments as at 31 December 2023, 2022 and 2021:

Derivative financial instruments – fair value

	As at 31 December					
	2023		2022		2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	<i>(audited)</i>					
	<i>(PLN million)</i>					
Contract type						
FX Swap	540	28	194	25	55	237
Forward.....	80	50	100	31	52	30
FRA	-	-	-	1	4	-
CIRS	497	383	802	806	223	241
IRS.....	294	334	489	496	134	387
OIS.....	49	2	2	-	-	-
Total.....	1,460	797	1,587	1,359	468	895

Source: Consolidated Financial Statements

Derivative financial instruments – nominal value

	As at 31 December					
	2023		2022		2021	
	Call	Put	Call	Put	Call	Put
	<i>(audited)</i>					
	<i>(PLN million)</i>					
Contract type						
FX Swap	3,093	12,559	4,758	10,279	4,656	9,823
Forward.....	642	1,163	912	2,450	1,167	1,384
FRA	-	-	500	-	500	-
CIRS	10,637	13,107	11,540	13,999	12,855	14,767
IRS.....	5,243	5,699	5,892	5,864	9,080	4,965
OIS.....	493	72	47	-	-	-
FX Option	1	1	-	-	-	-
Total.....	20,109	32,601	23,649	32,592	28,258	30,939

Source: Consolidated Financial Statements

DESCRIPTION OF THE ISSUER

Overview

BGK is the only Polish state development bank, and its mission is to support the sustainable social and economic development of Poland. The Group's role includes initiating and participating in various forms of cooperation between businesses, public sector entities and financial institutions, including through financing, among others, infrastructure projects and local government projects.

BGK was established as a credit institution in 1924 under the Decree of the President of the Republic of Poland dated 30 May 1924 on Merging State Credit Institutions into Bank Gospodarstwa Krajowego.

The operations of BGK are governed by the Act on Bank Gospodarstwa Krajowego of 14 March 2003, as amended, and the Regulation of the Minister of Development on the adoption of the Articles of Association of Bank Gospodarstwa Krajowego, dated 16 September 2016. Currently, BGK is the primary institution supporting the Polish government in the administration of socio-economic government programmes designed to promote entrepreneurship as well as infrastructure and residential investment at the national, regional and local level.

BGK's Group focuses its activities in several main areas:

- carrying out activities to support the economic growth of Poland by financing infrastructure projects and local government projects and co-financing the foreign expansion of Polish companies and export projects. The Group offers surety and guarantee schemes stimulating the development of micro, small, medium-sized, and large enterprises;
- mobilising capital in the economy by participating in consortia, development of guarantee and surety programmes, and structuring transactions in the domestic and foreign markets. The Group finances its capital needs by cooperating with development institutions;
- co-creating and implementing programmes supporting the development of the housing industry, including providing financing to entities in the social rental housing sector, the rental housing construction sector, in particular to municipal entities, as well as supporting thermal modernisation and refurbishment of residential buildings;
- supplementing the activities of the banking sector, including by providing services not otherwise provided by the banking sector for key areas of the economy, with programmes to activate stagnant sectors through countercyclical measures. The Group finances projects of significant importance to the economy and supports development in areas where the market is not operating efficiently, and cooperates with other financial institutions on a partnership basis, complementing their offerings; and
- consolidating public finances, managing European Union programmes and distributing European Union funds on a regional and national scale.

The Group carries out its activities in a responsible and sustainable manner, while maintaining a reasonable risk appetite. Planned projects are analysed in terms of risk, including ESG risk. In 2023, the liquidity of BGK was at a safe level and its level of capital adequacy was monitored using capital adequacy ratios determined in line with the Banking Law and the CRR ("**Capital Requirements Regulation**"). As at 31 December 2023, 2022 and 2021, the total capital ratio of BGK (including flow funds) amounted to 31.57 per cent., 31.40 per cent. and 29.39 per cent., respectively.

BGK's registered office and principal place of business is at Al. Jerozolimskie 7, 00-955 Warsaw, Poland. The correspondence address of BGK is at VARSO 2, ul. Chmielna 73, 00-801 Warsaw, Poland. The telephone number is +48 22 596 59 99.

BGK is controlled by the State Treasury of the Republic of Poland (the "**State Treasury**"). Under the Act dated 14 March 2003 on Bank Gospodarstwa Krajowego (the "**Act**"), BGK is not subject to Polish bankruptcy laws and all of BGK's assets and liabilities would be taken over by the State Treasury if BGK was ever

liquidated. Moreover, pursuant to the Act, the minister competent for public finance must provide BGK with amounts necessary to undertake BGK's statutory tasks.

Group

The chart below shows the structure of the fully consolidated Group entities as at the date of this Offering Circular:



- **Bank Gospodarstwa Krajowego** is the parent entity of the Group;
- **Fundusz Ekspansji Zagranicznej FIZAN** (*Foreign Expansion Fund*) is a closed-end fund that supports foreign expansion by investing jointly with Polish partners in projects related to the establishment of new or the acquisition of existing companies outside Poland. Its investment objective is mainly to purchase and subscribe for shares and debt securities issued by such project companies, advancing loans to project companies as well as providing sureties and guarantees at the request of project companies;
- **Vinci S.A.** is a company established in 2021 for the sole purpose of managing alternative investment companies financed by BGK. Vinci's goal is to fill the market gaps in the financing of Polish enterprises and to increase the competitiveness of the Polish economy through seeking, structuring and managing investment projects implemented through managed investment vehicles;
- **Vinci S.A. HiTech Alternatywna Spółka Inwestycyjna S.K.A.** is the first investment vehicle operating in the form of an alternative investment company established and funded by BGK which focuses on investment in high tech areas such as automotive, biotechnology, energy, space, telecommunication and industry 4.0 sectors. HiTech ASI's investments will contribute to supporting pro-innovative activity as well as securing national technological ideas. The company is managed by Vinci S.A.
- **Vinci S.A. IQ Alternatywna Spółka Inwestycyjna S.K.A.** is an alternative investment fund targeting Polish innovative science and research projects at early stages of development. The company focuses on ventures characterized simultaneously by high potential for scientific, technological, patent and commercialization value.
- **Vinci S.A. Da Gama Alternatywna Spółka Inwestycyjna S.K.A.** is an alternative investment fund investing in foreign projects conducted by Polish companies.

Vinci Spółka Akcyjna, Vinci S.A. HiTech Alternatywna Spółka Inwestycyjna S.K.A., Vinci S.A. IQ Alternatywna Spółka Inwestycyjna S.K.A., Vinci S.A. Da Gama Alternatywna Spółka Inwestycyjna S.K.A. and Fundusz Ekspansji Zagranicznej FIZAN are consolidated using the full method, which means that all of their assets, liabilities and equity are transferred to BGK's balance sheet and all of their revenues and expenses are transferred to BGK's income statement.

History of BGK

BGK was established as a credit institution in 1924 under the Decree of the President of the Republic of Poland dated 30 May 1924 on Merging State Credit Institutions into Bank Gospodarstwa Krajowego.

Until 1939, BGK focused on supporting public and municipal institutions as well as armament manufacturers, in addition to managing industrial plants, the control of which was subsequently assumed by the state. After World War 2, the operations of BGK were suspended in 1948. The Bank was reactivated in 1989 as an institution specialising in the provision of services to the public sector. The operations of BGK are governed by the Act on Bank Gospodarstwa Krajowego of 14 March 2003, as amended, and the Regulation of the Minister of Development on the adoption of the Articles of Association of Bank Gospodarstwa Krajowego, dated 16 September 2016. Currently, BGK is the primary institution supporting the Polish government in the administration of socio-economic government programmes designed to promote entrepreneurship as well as infrastructure and residential investment at the national, regional and local level.

BGK's Strategy for 2021-2025

Under BGK's strategy for 2021-2025, BGK's role as a development bank is to support sustainable development in Poland by providing relevant stimuli and supplementing the commercial banking sector by providing financing. BGK responds to development challenges by cooperating with market participants and, where required, stabilising the market. BGK's vision is to become a leader in sustainable development programmes. This vision is being implemented through external strategic pillars focusing on (i) sustainable development, (ii) social engagement, (iii) international cooperation and (iv) business, and internal strategic pillars focusing on (a) digital and process transformation and (b) ensuring an effective management model.

During the implementation of the 5-year strategic objectives, Group continuously observes the economic environment and supports and stabilises the market by actively responding to four external factors defined in the strategy:

- sustainable economic development – in order to act counter-cyclically;
- low-carbon economy – in order to ensure a sustainable economic growth;
- territorial cohesion – in order to promote the economic integrity of all regions of the country; and
- utilisation of EU funds – in order to maintain adequate levels of investment in the economy.

BGK's strategy for 2021-2025 is implemented through business model programmes which focus on industrial development, infrastructure, transport and logistics, entrepreneurship development, strategic security, healthcare, public finance, social and territorial cohesion and housing.

BGK's Cooperation with International Public Institutions

BGK regularly collaborates with numerous public entities, including the European Commission, international financial institutions, foreign banks and development institutions, international associations and diplomatic entities. Below is a summary of BGK's cooperation with international public entities.

Cooperation with the European Commission

In April 2023, BGK became an implementing partner in the InvestEU programme with a mandate to provide investment loans backed by the EU guarantee. The value of the guarantee for BGK is EUR 241.5 million. BGK will use the EU guarantee to stimulate investment projects under two policy windows of the InvestEU Programme: Sustainable Infrastructure and Research, Innovation and Digitalisation.

In 2023, BGK continued to implement activities under Team Europe Initiative on COVID-19 vaccine sharing for the Eastern Partnership – coordinated by Poland, which was repurposed to provide immediate support to Ukraine due to the war caused by Russian aggression. Total value of the European Commission's grant was EUR 35 million. The support for Ukraine included the purchase of, among other things, 25 ambulances, hygiene and medical supplies (including a CT scanner), food supplies, 100 school buses and essentials for the autumn and winter season, as well as psychological support. The activities under this programme were completed in December 2023.

In 2023, BGK implemented activities under the European Commission's guarantee support for the micro, small and medium-sized enterprise sector in Ukraine through Ukraine's Kredobank, which allowed Kredobank to continue lending action for its clients during the ongoing war. The total value of the programme is EUR 20 million. The support is planned until 2036. Financial support goes mainly to companies operating in difficult areas, close to ongoing hostilities (so-called red and yellow zones) and its main beneficiaries are entrepreneurs from the agricultural sector, industry, and agri-food producers. Since January 2023, support of nearly EUR 12 million has been received by 74 companies, which has provided nearly 4,000 jobs.

Currently, BGK is planning to extend the support for Ukrainian micro-, small and medium-sized enterprises through an additional EC guarantee under the Ukraine Investment Framework ("UIF") – the so-called top-up. BGK applied to the EC for EUR 20 million to continue support for Kredobank (EUR 10 million) and to cover an additional Ukrainian bank in the guarantee program (EUR 10 million). Talks with the EC are ongoing, and decisions regarding the support were adopted by the UIF Strategic Board in April 2024. The planned allocation of funds is foreseen only to the so-called red zones of conflict (the most affected areas).

BGK is also preparing to apply in the competition for an EC guarantee under the II pillar of the Ukraine Facility (Ukraine Guarantee – guarantee instrument; dedicated to development banks and DFIs). BGK is looking for investment projects supporting the economic development of Ukraine, which could be implemented by Polish and Ukrainian entities. Investments are to be of a development and modernization nature. They do not necessarily have to be related to reconstruction, however, the most important thing is consistency with the Ukraine Plan adopted by EU. The filing of the application is expected in the second half of the year, following the announcement of the call by the EC.

In 2023, BGK was granted EUR 115 million under the European Commission's European Fund for Sustainable Development Plus ("EFSD+") guarantee mechanism. BGK was working on a portfolio of projects that will be implemented in the field of digitisation and digitalisation in Sub-Saharan African countries. BGK will provide long term investment loans covered by the EFSD+ guarantee to special purpose companies or private investors, which will be set up by local and European technology providers to implement specific projects. The agreement with the European Commission is planned to be signed in 2024.

European Investment Bank ("EIB")

In May 2022, the EIB launched the EUR 4 billion Ukraine Solidarity Package initiative. This solidarity package provides support under the Cohesion Policy to counter the negative effects of Russia's aggression against Ukraine. EUR 2 billion under the package has been earmarked for Poland as special support for BGK in raising funds for the Aid Fund managed by BGK. In 2023, under the Ukraine Solidarity Package, BGK issued one series of bonds for EUR 0.6 billion, which were fully subscribed by the EIB. The total amount of bonds issued as part of the Ukraine Solidarity Package is EUR 1.8 billion. The proceeds from these issuances are provided to support, among other things, local governments and public entities that organize assistance for refugees from Ukraine and support their integration into local communities. Tasks financed by the issuance include maintenance and operation of refugee reception points, provision of housing and board, transportation to places of accommodation, assignment of PESEL numbers, medical services and education.

In 2023, two agreements with the EIB were signed:

- an agreement to co-finance the construction of a new section of the A2 motorway with a length of 101 km. The amount of the loan granted was EUR 450 million;

- an agreement to co-finance the construction of a two-lane section of the S6 express way with a length of 118 km. The amount of the loan granted was EUR 450 million.

The EIB funds will be contributed to the National Road Fund managed by BGK, which finances the construction and reconstruction of national roads in Poland.

In 2023, BGK obtained disbursements under the Social & Affordable Housing and MBIL VIBGK agreement. Funds from the EIB's global loans are intended to finance investments by local government units, SMEs and mid-cap companies. Moreover, one agreement related to the renewable energy sources financing was signed with the EIB. The total value of the EIB's commitment under this agreement amounts to EUR 260 million.

European Investment Fund (“EIF”)

BGK cooperates with the EIF in various fields. The EIF, which is owned by the EIB, the European Union as represented by the European Commission, and a wide range of public and private banks and financial institutions, implements programmes and the disbursement of EU funds, e.g., through the European Fund for Strategic Investments (“EFSI”), to provide support for SMEs. Under the EFSI and within the framework of cooperation with EIF, BGK provides guarantees under EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (“COSME”) to SMEs with the EIF's counter-guarantee. COSME guarantees are described in detail in the sub-section entitled “*Sureties and guarantees*” below.

The application process for the EIF counter-guarantee under the two thematic windows of the InvestEU programme, SMEs and Microfinance and Social, was successfully completed in 2024. The bilateral signing of the agreement took place in February 2024.

Cooperation with the EIF is also implemented at the ownership level. As at the date of this Offering Circular, BGK holds shares in the EIF, and BGK is its only Polish shareholder. In October 2023, the EIF's annual shareholders' meeting was organised, with representatives from 28 financial institutions, including the European Commission and the EIB. The meeting reviewed the EIF's tasks, current activities and long-term plans, and included sessions on green infrastructure and space industry activities.

Multilateral cooperation with public development institutions and international associations and organisations

BGK actively cooperates with public banks and development institutions from other countries.

In July 2023, a trilateral memorandum of understanding was signed in Warsaw with two South Korean government financial institutions - the Export-Import Bank of Korea (“KEXIM”) and the Korea Trade Insurance Corporation (“K-SURE”). The parties to the agreement agreed to cooperate closely on infrastructure, industrial development, renewable energy and the promotion of economic cooperation, including foreign investment and trade.

In 2023, the strengthening of relationships with Japanese partners also continued. In May 2023, BGK issued Japanese yen-denominated bonds with a guarantee from the State Treasury of the Republic of Poland and Japan Bank for International Cooperation (“JBIC”) for the support of Ukrainian refugees financed via the Aid Fund.

In addition, BGK is a member of the trade associations and organizations named below. The associations have no commercial purpose and pursue non-profit-making objectives at the international level, focussing on representing, promoting and defending the shared interests of its members. In 2023, the main topic of cooperation within international associations and organisations was the exchange of knowledge on European funds, ESG risks, sustainability, auditing and reporting.

As of the date of this Offering Circular, BGK is a member of the following international associations and organisations:

- European Association of Public Banks;
- European Association for Banking and Financial History

- European Association of Guarantee Institutions;
- European Long-Term Investors Association;
- European Banking Federation;
- Global Network of Guarantee Institutions
- Joint European Financiers for International Cooperation;
- The Institute for Internal Controls;
- IFRS Sustainability Alliance;
- Information Systems Audit and Control Association;
- Institute of Internal Communication;
- International Association of Business Communicators;
- International Project Finance Association;
- International Swaps and Derivatives Association;
- Network of European Financial Institutions for SMEs; and
- World Economic Forum.

Collaboration as part of the Three Seas Initiative and the Three Seas Initiative Investment Fund

The Three Seas Initiative Investment Fund (operating under the name Three Seas Initiative Investment Fund S.A. SICAV-RAIF) is a financial instrument established to support the implementation of major commercial infrastructure projects and was inspired by the assumptions of the Three Seas Initiative established by the presidents of Poland and Croatia in collaboration with the presidents of ten other European states: Austria, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Slovakia, and Slovenia. The primary objective of the Three Seas Initiative Investment Fund is to invest in commercial projects in the area of transport, energy, and digital infrastructure, as well as projects that improve the economic potential and reduce differences in development between the Three Seas Region states and Western European states.

BGK is the initiator, co-founder and key investor in the Three Seas Initiative Investment Fund. The Fund commenced its operating activities in 2020 and is currently in the investment stage. In April 2024, during the Three Seas Summit in Vilnius, Lithuania, a letter of intent was signed between BGK and several other development institutions expressing intention to work together to establish a new Three Seas infrastructure investment fund.

The Fund's portfolio includes five investment projects within various industry sectors, including Cargounit, which is the largest independent locomotive leasing company in Poland; Greenergy, which is a CEE data centre platform; Energy, which is a renewable power company; BMF Port Burgas, which is a major port operator in Bulgaria, and R.Power S.A. which is a vertically integrated renewable energy developer and independent power producer based in Poland.

The fund has 11 shareholders, including two private entities and nine development institutions. BGK's maximum exposure is EUR 750 million, and the total value of BGK's investment in the Three Seas Initiative Investment Fund amounted to EUR 601 million as of 31 December 2023 (or 80.1 per cent. of the total investment commitment).

BGK's Activities

The Group's business activity is conducted by BGK and other organisationally related institutions, subsidiaries and affiliates.

The Group's operations include:

- banking activities, primarily in the form of lending and surety activities, as well as the maintenance of accounts and deposits;
- commissioned activities related to supporting the Polish State Treasury and managing government and EU programmes; and
- investment activities.

BGK, as a state development bank, is the key institution supporting the State Treasury in the administration of social and economic government programmes intended to promote entrepreneurship as well as infrastructure and housing projects at the national, regional and local level. In addition to conducting banking activities, the Issuer actively cooperates with governmental ministries and Polish development institutions.

BGK carries out government tasks on the basis of acts and agreements with ministries, including through funds established, entrusted or transferred to BGK for which, by virtue of law, BGK keeps separate accounting books and prepares separate financial statements. These include, among others, flow funds related to the management and administration of flows which are not recognised in BGK's statement of financial position and the statement of profit or loss. These flow funds are the COVID-19 Response Fund, National Road Fund, Armed Forces Support Fund, Aid Fund, Government Road Development Fund, Railway Fund, Borrower Support Fund, Thermal Modernization and Refurbishment Fund, Polish Science Fund, Government Housing Development Fund, Subsidy Fund, National Guarantee Fund, Crisis Guarantee Fund, Tourist Refund Fund, Inland Waterways Fund, Government Housing Fund, Ecological Surety and Guarantee Fund, Medical Studies Loan Fund, Student Loan Fund. These funds are described in detail in the subsection "*Funds*".

Through the flow funds mentioned above and in cooperation with surety funds and Korporacja Ubezpieczeń Kredytów Eksportowych S.A., a Polish insurance company established by the State Treasury to support export activities of Polish companies, BGK also supports the development of entrepreneurship by providing sureties and facilitating the export of Polish goods and services.

Lending Activity

BGK extends credit (in the form of loans and bonds) to a wide group of borrowers, including corporate entities and local communities. It is involved in the financing of local government entities, utility companies and healthcare institutions, and in the implementation of programmes aimed at facilitating access to the housing market and increasing the availability of housing in Poland. BGK provides financing to bridge gaps in the banking sector, including by participating in syndicated loans.

Infrastructure Project Financing

Within the framework of its lending activity, BGK primarily finances investment and infrastructure projects. BGK's operations are focused on supporting strategic sectors of the Polish economy. These operations are carried out mainly through structured transactions that enable large investments in the production and energy sectors and through financing new technologies. These investments are carried out primarily through the participation of BGK in consortia and by increasing the use of leverage in financing investments of strategic importance to Poland. This enables using the funds of the financial sector in addition to BGK's own funds. The share of structured finance in the exposure portfolio was 46.2 per cent. as at 31 December 2023, which represented a balance sheet exposure (gross) of PLN 26,073 million.

An important part of BGK's loan offering is also working capital facilities or medium-value investment loans that do not require structured finance transactions. These types of loans are granted through BGK's regional network. BGK also funds infrastructure projects within the scope of its statutory activities through the National Road Fund, the Railway Fund and investment funds.

Export and foreign expansion financing

One of the Polish government's strategic objectives is to internationalise the Polish economy. In addition to more sophisticated forms of international cooperation, a special focus has been placed on the development of business relations with non-EU countries (including higher risk countries).

BGK plays a key role in providing Polish companies with services enabling them to effectively compete on international markets. In recent years, BGK has been increasing its exposure to export financing and foreign expansion instruments granted both under the Financial Exports Support Programme (*Finansowe Wspieranie Eksportu*) and as part of the Bank's own activities.

In 2023, BGK continued its support to exports and foreign expansion activities, through financing projects implemented by Polish businesses on international markets.

Under the Financial Exports Support Programme adopted by the Council of Ministers in 2009, BGK provides credit facilities to foreign buyers (directly or through the buyer's bank) to finance the purchase of Polish goods or services. The funds are transferred directly to the bank accounts of Polish exporters, which eliminates the risk of default, as the Polish business receives the transfer directly from BGK.

The solution offered under the Programme is aimed at higher risk markets (including Ukrainian and African markets), where the instruments offered by commercial banks are limited and the borrowing costs charged by local banks are high.

Between the launch of the Financial Exports Support Programme in 2009 and 31 December 2023, BGK granted loans in an aggregate amount of approximately PLN 5 billion. The amount disbursed was approximately PLN 4.3 billion, while the value of supported export contracts was approximately PLN 6.2 billion.

Since 2015, in connection with the growing interest in financing expressed by Polish businesses operating on international markets, BGK has expanded its product offer to include loans dedicated to supporting foreign investments by Polish enterprises. These financial instruments are intended to be complementary to BGK's available export credit products and to products offered by other financial institutions. This significantly increased the amount of loans granted in subsequent years and, at the same time, allowed BGK to enter the markets of highly developed countries through various forms of financing. The expansion of the product offer also increased the geographical diversification of BGK's portfolio and enabled Polish businesses to secure attractive forms of support in relation to exports and when planning expansion into foreign markets.

In 2023, under the Financial Exports Support Programme and as a result of its own activities, BGK provided export and foreign expansion financing. In 2023, BGK supported 143 foreign projects of Polish companies, including the financing of the sale of chemical products to Ukraine, the sale of milk cooling and storage facilities to Rwanda, the sale of chemical products to Ukraine, the sale of trailers to Côte d'Ivoire and the operations of Polish companies in Spain.

Financing of Projects Undertaken by Local Government and Healthcare Entities

As at 31 December 2023, the credit exposure (gross) of BGK to local government units and municipal companies amounted to PLN 14,401 million and was PLN 1,966 million higher in comparison to the previous year.

The Bank also finances healthcare sector entities. At the end of 2023, BGK's credit exposure to entities in this sector amounted to PLN 1,711 million, a decrease of PLN 153 million in comparison to the previous year.

Financing of Housing Projects

The Group implements numerous instruments related to the development of housing and ensuring access to housing for young families and persons with relatively low income, as well as instruments to promote social mobility and labour market balance through the development of the institutional rental housing sector.

Within the framework of its lending activity, the Bank has financed social housing programmes. As at 31 December 2023, BGK's exposure (gross) under these programmes amounted to PLN 4,676 million. This

amount comprised the value of exposure in the portfolio of the former National Housing Fund and amounts disbursed under loans granted as part of the social rental housing programme. BGK also supports the housing industry through government programmes administered by the Subsidy Fund (including those related to municipal housing).

Lending Policy of BGK

The purpose of BGK's lending policy is to create a framework for the implementation of BGK's mission, which consists of supporting sustainable social and economic growth of Poland, and in particular to:

- strengthen the role of BGK as a development bank and significantly increase the Bank's involvement in financing activities carried out under its strategy, including through implementation of the Bank's business model based on the following eight areas:
 - industrial development;
 - entrepreneurship development;
 - infrastructure, transport and logistics;
 - strategic security;
 - healthcare;
 - public finance;
 - social and territorial cohesion;
 - housing; and
- maintain the high quality of assets (especially the loan portfolio) within a specific risk level.

Other objectives of BGK's lending policy include:

- influencing the development of selected industries of the Polish economy, including through participating in the structured financing of infrastructure projects and exports financing and taking into account the risks related to economic, political, environmental, social and governance conditions in Poland as well as the global economic situation;
- supporting the country's economic policy and foreign policy objectives by promoting exports and expansion of Polish companies and the development of other countries, in particular through development aid;
- ensuring compliance with sustainable development guidelines for banks;
- achieving the planned size and structure (including diversification) of the loan portfolio by increasing or reducing the Bank's exposure to selected entities, market segments, and industries and defining relevant exposure concentration limits; and
- ensuring appropriate loan portfolio quality.

Lending decisions are made based not only on external and internal regulations, the economic viability of projects and their safety in terms of credit risk, but also on the project's impact on Poland's economic growth.

Overview of the Loan Portfolio

The gross value of BGK's credit exposures (including loans and bonds) in the year ended 31 December 2023 was PLN 56,377 million. The year-on-year increase was PLN 5,926 million and was mainly related to increase in structured finance (by PLN 4,284 million, or 19.7 per cent. year on year) and financing granted to local government units and municipal companies (by PLN 1,966 million, or 15.8 per cent. year-on-year).

The gross value of BGK's credit exposures in the year ended 31 December 2022 was PLN 50,451 million. The year-on-year increase was PLN 4,621 million, which was mainly related to the increase of exposure to firms and financial entities, which increased by PLN 2,929 million, or 127.0 per cent., relative to the previous year. In the area of social housing the PLN 111 million decrease was caused by the repayment of loans by the former National Housing Fund serviced by BGK.

The gross value of BGK's credit exposures in the year ended 31 December 2021 was PLN 45,830 million. The year-on-year decrease was PLN 104.9 million, which was mainly related to the decrease of exposure in structured finance. At the same time, BGK achieved its strongest growth in the area of export and foreign expansion financing, which increased PLN 537.9 million, or 16.4 per cent., relative to the previous year, and financing healthcare entities, with a year-on-year increase of PLN 318.8 million, or 20.0 per cent. In the area of social housing, despite the progress of the social rental housing programme ("SRH") and a PLN 119.4 million increase compared to the previous year, BGK recorded a decline in this category caused by repayments in the portfolio of the former National Housing Fund administered by BGK.

The table below presents the breakdown of the Bank's portfolio of credit exposures in 2023 and 2022.

	As at 31 December 2023	As at 31 December 2022	Change versus 2022	
	Total	Total	in nominal terms	%
		(unaudited) (PLN million)		
Loans and bonds (municipal and commercial), gross*	56,377	50,451	5,926	11.7%
Structured finance	26,073	21,789	4,284	19.7%
Export and foreign expansion financing.....	4,197	4,050	147	3.6%
Businesses and financial entities	4,717	5,235	(518)	(9.9)%
Local government units and municipal companies	14,401	12,435	1,966	15.8%
Central government entities	579	382	198	51.8%
Healthcare entities	1,711	1,864	(153)	(8.2)%
Financing of social housing.....	4,676	4,670	6	0.1%
Other	23	27	(4)	(15.3)%

Source: BGK

The table below presents the breakdown of the Banks's portfolio of credit exposures in 2022 and 2021.

	As at 31 December 2022	As at 31 December 2021	Change versus 2021	
	Total	Total	in nominal terms	%
		(unaudited) (PLN million)		
Loans and bonds (municipal and commercial), gross*	50,451	45,830	4,621	10.1%
Structured finance	21,789	20,540	1,249	6.1%
Export and foreign expansion financing.....	4,050	3,812	283	6.2%
Businesses and financial entities	5,235	2,307	2,929	127.0%
Local government units and municipal companies	12,435	12,213	221	1.8%
Central government entities	382	235	147	62.6%
Healthcare entities	1,864	1,909	(46)	(2.4)%
Financing of social housing.....	4,670	4,781	(111)	(2.3)%
Other	27	33	(5)	(16.5)%

Source: BGK

As at 31 December 2023, BGK's share of the loan market in Poland amounted to 3.4 per cent., including a 3.5 per cent. share of loans to financial sector entities, 2.5 per cent. market share for loans to non-financial sector entities and 29.0 per cent. share of loans to public sector entities.

As at 31 December 2023, total debt subject to collection or restructuring was PLN 1,970 million (1,439 exposures), while recoveries in 2023 totalled PLN 340 million. BGK is not involved in any litigation where the amount of the claim represents at least 10 per cent. of its equity. The total value of claims also does not exceed that threshold.

Deposit Taking and Management of Public Finance Consolidation

Deposit Taking

The majority of BGK's deposit activity is focused on maintaining accounts for the Polish state and state-related entities. BGK also provides deposit services to local governments and the entities they control.

In 2023, BGK saw a year-on-year increase in the balance of deposits by PLN 7,801 million, or 5.1 per cent. In terms of value, the largest increase, of PLN 5,448 million (an increase of 5.6 per cent. year-on-year), was recorded in the public sector entities segment. The largest items in this group are the Ministry of Finance's funds, which are subject to significant fluctuations during the year.

In 2022, BGK saw a year-on-year increase in the balance of deposits by PLN 3,019 million, or 2.0 per cent. In terms of value, the largest increase, of PLN 6,573 million (an increase of 7.3 per cent. year-on-year), was recorded in the public sector entities segment. The largest items in this group are funds deposited by the Ministry of Finance, which are subject to high volatility.

In 2021, BGK saw a year-on-year increase in the balance of deposits by PLN 34,553 million, or 29.7 per cent. In terms of value, the largest increase, of PLN 35,863 million (an increase of 65.5 per cent. year-on-year), was recorded in the public sector entities segment. The largest items in this group are funds deposited by the Ministry of Finance, which are subject to high volatility, especially at the end of the year.

The table below presents the volume and structure of BGK's deposit base in 2023 and 2022:

	31 December 2023		31 December 2022		Change versus 2022	
	Total	Share	Total	Share	In nominal terms	%
			(unaudited)			
			(PLN million)			
Deposits from customers.....	161,631	100.0%	153,830	100.0%	7,801	5.1%
Financial sector entities.....	23,213	14.4%	15,081	9.8%	8,132	53.9%
Non-financial sector entities,						
including:	35,763	22.1%	41,542	27.0%	(5,779)	(13.9)%
Individuals.....	48	0.0%	46	0.0%	2	4.4%
Businesses	35,715	22.1%	41,496	27.0%	(5,781)	(13.9)%
Public sector entities	102,655	63.5%	97,207	63.2%	5,448	5.6%
Central government entities..	95,059	58.8%	90,361	58.7%	4,698	5.2%
Local government entities	7,596	4.7%	6,846	4.5%	750	11.0%

Source: BGK

The table below presents the volume and structure of BGK's deposit base in 2022 and 2021:

	31 December 2022		31 December 2021		Change versus 2021	
	Total	Share	Total	Share	In nominal terms	%
			(unaudited)			
			(PLN million)			
Deposits from customers.....	153,830	100.0%	150,811	100.0%	3,019	2.0%
Financial sector entities.....	15,081	9.8%	17,906	11.9%	(2,825)	(15.8)%
Non-financial sector entities,						
including:	41,542	27.0%	42,271	28.0%	(729)	(1.7)%
Individuals.....	46	0.0%	59	0.0%	(13)	(21.5)%
Businesses	41,496	27.0%	42,212	28.0%	(716)	(1.7)%
Public sector entities	97,207	63.2%	90,634	60.1%	6,573	7.3%
Central government entities.	90,361	58.7%	82,830	54.9%	7,531	9.1%
Local government entities ...	6,846	4.5%	7,804	5.2%	(958)	(12.3)%

Source: BGK

The table below presents the structure of Group's liabilities to customers in the years ended 31 December 2023, 2022 and 2021:

	31 December 2023	31 December 2022 (audited)	31 December 2021
	(PLN million)		
Liabilities to financial sector	23,164	15,067	17,899
Current accounts and O/N deposits	3,083	954	9,384
Term deposits	20,001	14,002	8,504
Other liabilities	80	111	11
Liabilities to non-financial sector	35,763	41,542	42,271
Current accounts and O/N deposits	4,668	15,662	14,779
Term deposits	29,932	25,291	26,909
Other liabilities	1,163	589	583
Liabilities to public sector	102,655	97,207	90,634
Current accounts and O/N deposits	80,514	88,682	67,194
Term deposits	21,924	8,254	23,384
Other liabilities	217	271	56
Total	161,582	153,816	150,804

Source: Consolidated Financial Statements

Public Finance Consolidation Management

In accordance with the Public Finance Act of 27 August 2009 (as amended), since May 2011 the Bank has been responsible for consolidating public funds. Since 1 January 2015 it has also been responsible for the management of deposit accounts of the Minister of Finance, in which cash accepted for court deposits is held. Moreover, since 1 January 2022 it has also managed deposit accounts of the Minister of Finance in which deposits of common prosecutor's office organisational units.

Pursuant to the Agreement dated 19 December 2014 concluded between the Minister of Finance and BGK (as amended), BGK is responsible for:

- carrying out operations related to the acceptance as deposits or under management of unallocated financial resources of public sector entities/non-public sector entities classified as government sector entities;
- refunding the amounts provided to the Minister of Finance, with interest, to the bank accounts of those entities;
- maintaining bank accounts for the Ministry of Finance for the purposes of accepting amounts from entities and refunding them, in addition to transferring interest accrued on such amounts;
- processing transfers initiated by the Ministry of Finance from the bank accounts maintained by BGK;
- preparing reports on the amounts accepted as deposits or under management for the Ministry of Finance.

In addition, since January 2015, BGK has maintained the deposit accounts of the Ministry of Finance, which hold funds accepted for court deposits and, since January 2022, also deposit sums of common prosecution units. Within the scope of such services provided to the Ministry of Finance, BGK is responsible for:

- keeping deposit accounts of the Ministry of Finance in PLN, EUR, USD, GBP, and CHF;
- carrying out operations related to the management of the deposit accounts of the Ministry of Finance;
- maintaining bank accounts for the Ministry of Finance for the purposes of accepting amounts from the deposit accounts of the Ministry of Finance as overnight deposits and transferring interest accrued on such amounts;
- preparing reports on court deposits and deposits of prosecutor's office organisational units for the Minister of Finance;
- cooperating with the heads of courts of general jurisdiction, heads of public sector entities, and heads of common prosecutor's office organisational units with respect to the management of the deposit accounts of the Minister of Finance assigned to each court.

As at 31 December 2023, the total value of consolidated funds amounted to PLN 93 billion and was PLN 38.2 billion higher than at the end of 2022.

As at 31 December 2022, the total value of consolidated funds amounted to PLN 131.2 billion and was PLN 6.1 billion higher than at the end of 2021.

As at 31 December 2023, BGK operated 2,819 bank accounts where public funds were deposited. As at 31 December 2023, the value of transactions whereby term deposits were made or funds were placed under management for a fixed term amounted to PLN 22.7 billion. The remaining funds were transferred to overnight deposits or placed under overnight management. As at 31 December 2023, the value of funds transferred into overnight deposits or placed under overnight management amounted to PLN 61.3 billion.

As at 31 December 2023, BGK provided services to 278 courts of general jurisdiction and military courts. As at 31 December 2023, the consolidated amount of court deposits totalled PLN 7.6 billion.

BGK also provided services to 58 prosecutor's office organisational units as at 31 December 2023. The consolidated amount of prosecutor's offices deposits totalled PLN 1.4 billion.

The Group's Activities on the Money Market and Debt Capital Market

BGK's activities in the money market are mainly directed at two objectives:

1. management of its current liquidity position (placement of liquidity surpluses),
2. maintaining long-term buffer liquidity by holding short-term and/or liquid assets.

BGK plays an active role in the domestic money market serving as a money market dealer. In 2023, BGK ranked first in the dealer's activity ranking conducted by the NBP for the money and foreign exchange market.

BGK's current liquidity needs are met in the interbank market by using basic liquidity instruments - mainly term deposits, deposits and FX swap transactions, as well as repo and reverse repo transactions. The size of BGK's exposure to particular types of financial instruments in 2023 was a result of the current situation in the interbank market (including the continuation of the cycle of interest rate increases in Poland) and the implementation of the adopted investment strategy.

COVID-19 and the uncertainty in the market resulting from the current world geopolitical situation generally did not affect BGK's activities in the money and debt securities markets. In this respect, the activities carried out in 2023 focused, among other things, on providing customers and funds managed by BGK with unrestricted access to the liquidity and investment instrument markets, as well as on optimizing the securities portfolio in light of the market situation.

The table below presents the value and composition of the Group's portfolio of debt securities in 2023 and 2022:

	31 December 20223		31 December 2022		Change versus 2022	
	Total	Structure	Total	Structure	In nominal terms	%
			(audited)			
			(PLN million)			
Debt securities	151,430	100.0%	135,719	100.0%	15,711	11.6%
NBP (money market)						
bills.....	114,017	75.3%	110,030	81.1%	3,987	3.6%
Treasury bonds.....	23,431	15.5%	12,091	8.9%	11,340	93.8%
Corporate bonds	5,445	3.6%	7,612	5.6%	(2,167)	(28.5)%
Subordinated bonds...	1,611	1.1%	1,555	1.1%	56	3.6%
Covered bonds.....	144	0.1%	43	-	101	234.9%
Municipal bonds.....	6,782	4.5%	4,388	3.2%	2,394	54.6%

Source: 2023 Consolidated Financial Statements, 2022 Consolidated Financial Statements

The table below presents the value and composition of the Group's portfolio of debt securities in 2022 and 2021:

	31 December 2022		31 December 2021		Change versus 2021	
	Total	Structure	Total	Structure	In nominal terms	%
	<i>(audited)</i>					
	<i>(PLN million)</i>					
Debt securities	135,719	100.0%	92,012	100.0%	43,707	47.5%
NBP (money market) bills.....	110,030	81.1%	70,132	76.2%	39,898	56.9%
Treasury bonds.....	12,091	8.9%	10,242	11.1%	1,849	18.1%
Corporate bonds	7,612	5.6%	6,092	6.6%	1,520	25.0%
Subordinated bonds..	1,555	1.1%	1,398	1.5%	157	11.2%
Commercial bills	-	-	49	0.1%	(49)	(100)%
Covered bonds.....	43	-	68	0.1%	(25)	(36.8)%
Municipal bonds.....	4,388	3.2%	4,031	4.4%	357	8.9%

Source: 2022 Consolidated Financial Statements, 2021 Consolidated Financial Statements

Within its activities in the money market and the debt securities market, BGK cooperates with the Ministry of Finance, including by investing the state budget's liquidity surplus.

Sureties and Guarantees

As part of its surety and guarantee operations, BGK supports businesses, in particular SMEs, in financing their development needs, including investments. Within this area of its operations, BGK also supports individuals in financing housing improvements, including exchange of energy sources and thermal modernization.

BGK carries out surety and guarantee operations in compliance with the Act on Sureties and Guarantees Granted by the State Treasury and Certain Legal Persons of 8 May 1997 (as amended) (“**Act on Sureties and Guarantees**”).

In 2023, under the “Supporting Entrepreneurship through BGK Sureties and Guarantees” programme, BGK performed tasks in four primary areas:

- continuation of the government programme of providing *de minimis* guarantees for SMEs - since July 2018, guarantees have been provided under the National Guarantee Fund (NGF);
- utilisation of EU funds for guarantees in the SME sector – an initiative under the Operational Programme Smart Growth (OP SG) and the Rural Areas Development Programme for 2014-2020;
- management of active portfolios of sureties and guarantees, including portfolios which have been removed from the offer; and
- cooperation with surety funds in Poland.

In 2023, BGK offered the following surety and guarantee products:

- loan repayment guarantees/sureties provided on a portfolio basis, including:
 - loan repayment guarantees as part of the Portfolio De Minimis Guarantee Facility (“**PDMGF - NGF**”), which are also granted together with a loan repayment surety provided by the surety fund (“**PDMGF PLUS**”). In 2023, the provision of *de minimis* guarantees was continued on special conditions introduced in 2020 in connection with the COVID-19 pandemic and maintained in the context of the effects of the military conflict in Ukraine, which were effective until 31 December 2023,
 - loan repayment guarantees under the Portfolio De Minimis Lease Guarantee Line (“**LGL-NGF**”) provided from 1 January 2023;

- loan repayment guarantees as part of the Guarantee Fund under the SG OP (“**PGF-GF SG OP**”). In 2023, the provision of the guarantees, including subsidies to interest on loans, were continued on special conditions introduced in 2020 in connection with the COVID-19 pandemic. Guarantees were provided until 31 December 2023, while interest rate subsidies will be provided until 31 December 2027 or until funds are exhausted;
- In 2020, specific conditions were introduced for Agricultural Guarantee Fund (“**AGF**”) guarantees including interest rate subsidies for COVID-19 pandemic working capital loans, which are valid until 31 December 2025, loan repayment guarantees under the Crisis Guarantee Fund (“**PLG-CGF**”) and guarantees for repayment of factoring limits as part of the Crisis Guarantee Fund (“**LGF-CGF**”) granted until 31 December 2023;
- student loan repayment guarantees and medical student loan sureties introduced in April 2022;
- clean air guarantees – a product introduced in 2021, offered together with subsidies provided by Regional Funds for Environmental Protection and Water Management (“**PGF ESGF**”), available until 31 January 2028; and
- own contribution guarantees (“**GHF-FHL**” and “**GHF-SM**”), combined with the possibility of obtaining family repayments granted by BGK loans granted until 31 December 2030, and secure 2% loans combined with the possibility of BGK's instalment subsidies - loans granted until 31 December 2027;
- guarantees/sureties provided on a case-by-case basis.

To ensure the availability of the offer of liquidity guarantees, which in 2022 were provided on the basis of a communication from the European Commission of 19 March 2020 “Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak”, in 2023 BGK continued to provide them from the resources of the Crisis Guarantee Fund (“**CGF**”) on the basis of Communication from the European Commission of 24 March 2022 “Temporary emergency framework for State aid measures to support the economy following Russia's aggression against Ukraine”. The CGF guarantees provided in cooperation with banks (loan repayments) and financing entities (factoring limits) were intended to meet liquidity and investment needs for SMEs and large enterprises.

The Clean Air Guarantee, which is financed by the Ecological Surety and Guarantee Fund and granted under the “Clean Air Guarantee Programme was amended from 4 January 2023, as one of the impact instruments of the Priority Programme “Clean Air” managed by the National Fund for Environmental Protection and Water Management (“**NFEPWM**”) and implemented by provincial funds for environmental protection and water management. BGK increased the maximum amount of a single guarantee to PLN 120,000 and adjusted the rules for granting guarantees to the changes introduced by the NFEPWM in the priority programme.

In 2023, under the amended Act, the parameters of the contribution guarantees, implemented in 2022 and financed by the Government Housing Fund, were modified as they became a non-compulsory element of family (previously guaranteed) housing loans (“**GHF-FHL**”). BGK also expanded the scope of the guarantees to include a new loan type, the 2 per cent. safe loan (“**GHF-SM**”).

In November 2023, with the approval of the Ministry of Agriculture and Rural Development, the period of availability of specific conditions for AGF guarantees and interest rate subsidies for liquidity working capital loans provided in connection with measures taken to counter the effects of the COVID-19 pandemic was extended until 31 December 2025.

The table below shows the value of the guarantees and sureties provided by BGK.

	31 December 2023		31 December 2022		31 December 2021	
	Volume	Value	Volume	Value	Volume	Value
	<i>(unaudited)</i>					
	<i>(PLN million)</i>					
Sureties and guarantees provided on a portfolio basis.....	110,732	47,426.7	91,056	39,886.8	100,051	36,996
PDMGF NGF.....	98,311	42,596.6	83,358	37,816	91,705	34,170
LGL NGF.....	2,569	452.9	-	-	-	-
PGF COSME.....	-	-	1,245	250	4,237	737
GF SG OP.....	2,209	3,489.4	598	1,166.4	812	1,600
PGF Creative Europe.....	-	-	-	-	1	-
PGF AGF.....	5,606	774.4	4,206	588.3	3,092	483
PGF-ESGF.....	577	27.1	1,446	54.8	204	8
PGF GHF.....	1,451	86.1	203	10.7	-	-
Guarantee products implemented only for the period of the pandemic and conflict in Ukraine	2,419	17,153.3	6,958	17,939	3,146	14,396
PGF LGF.....	-	-	840	8,731.9	1,263	11,131
LGF LGF.....	-	-	486	1,943.74	646	3,053
LGF CGF.....	704	3,043.2	178	656.4	-	-
PGF CGF.....	1,608	14,082.7	647	5,726.4	-	-
LGL EGF.....	107	27.3	4,807	880.8	1,237	211

Source: BGK

In accordance with the Act on Sureties and Guarantees, BGK may acquire or subscribe for shares in regional and local surety funds that offer sureties and guarantees securing the repayment of loans to micro, small and medium-sized enterprises. As at 31 December 2023, BGK's exposure to ten surety funds, measured as the contribution value, was PLN 42.76 million. The guarantee funds at their disposal amounted to PLN 302.55 million.

In 2023, the funds provided 6,982 sureties with a total value of PLN 426.76 million. As at 31 December 2023, the active surety fund portfolio amounted to PLN 644.88 million.

EU Programmes

BGK is an active partner of central or local government administration bodies in the implementation of EU programmes. BGK implements programmes at the national and regional level, cooperating with fund administrators as part of national and regional operational programmes.

In 2023 BGK focused on two main aspects of its activities: (i) completing the implementation of projects entrusted with funds from the 2014-2020 financial framework and (ii) establishing cooperation with ministries and provincial governments to implement projects of the 2021-2027 EU financial framework. As a result of these activities, agreements were concluded with 16 fund administrators for the implementation of new multi-year projects financed from European funds (13 regional and 3 national programmes). In the past year, BGK also launched the first tenders for the selection of funding partners and it signed the first agreements with selected entities for the implementation of tasks financed from the new EU financial framework.

Flow funds

BGK carries out Polish government tasks on the basis of acts and agreements with Polish ministries, including through funds established, entrusted or transferred to BGK for which, by virtue of law, BGK keeps separate accounting books and prepares separate financial statements.

Flow funds are dedicated to channelling flows from sources defined by law to finance defined public policy goals. The assets and liabilities of flow funds are not disclosed in BGK's balance sheet because under the Polish Accounting Act and IFRS they cannot be treated as BGK's assets and liabilities. The detailed list of tasks for the funds is defined in annual financial plans which are agreed and approved by the competent ministers. From the end of April 2024, the annual financial plans of the flow funds and quarterly reports on their implementation are publicly available in the Public Information Bulletin of BGK.

Dedicated accounting records are maintained for the flow funds. In order to fulfil statutory requirements, BGK prepares separate balance sheets, off-balance sheet items and income statements for the flow funds and presents them in the appendices to BGK's financial statements for information purposes only. Detailed information on the financial position and profit and loss of flow funds for each financial year, which has not been reviewed or audited by an independent auditor, is available in the statements of funds established under separate legislation, which are included in the 2023 Standalone Financial Statements, 2022 Standalone Financial Statements and 2021 Standalone Financial Statements incorporated by reference in this Offering Circular.

As at the date of this Offering Circular, the flow funds are:

- the COVID-19 Response Fund (*Fundusz Przeciwdziałania COVID-19*);
- the National Road Fund (*Krajowy Fundusz Drogowy*);
- the Armed Forces Support Fund (*Fundusz Wsparcia Sił Zbrojnych*);
- the Aid Fund (*Fundusz Pomocy*);
- the Government Road Development Fund (*Rządowy Fundusz Rozwoju Dróg*);
- the Railway Fund (*Fundusz Kolejowy*);
- the Borrower Support Fund (*Fundusz Wsparcia Kredytobiorców*);
- the Thermo-modernisation and Renovation Fund (*Fundusz Termomodernizacji i Remontów*);
- the Polish Science Fund (*Fundusz Polskiej Nauki*);
- the Government Housing Development Fund (*Rządowy Fundusz Rozwoju Mieszkalnictwa*);
- the Subsidy Fund (*Fundusz Dopłat*);
- the Liquidity Guarantee Fund (*Fundusz Gwarancji Płynnościowych*);
- the National Guarantee Fund (*Krajowy Fundusz Gwarancyjny*);
- the Crisis Guarantee Fund (*Fundusz Gwarancji Kryzysowych*);
- the Tourist Refund Fund (*Turystyczny Fundusz Zwrotów*);
- the Inland Waterways Fund (*Fundusz Żeglugi Śródlądowej*);
- the Government Housing Fund (*Rządowy Fundusz Mieszkaniowy*);
- the Ecological Surety and Guarantee Fund (*Ekologiczny Fundusz Poręczeń i Gwarancji*);
- the Medical Studies Loan Fund (*Fundusz Kredytowania Studiów Medycznych*); and
- the Student Loan Fund (*Fundusz Kredytów Studenckich*).

COVID-19 Response Fund

The COVID-19 Response Fund operates based on the Act of 31 March 2020 Amending the Act on Special Solutions Related to the Prevention and Combating of COVID-19, Other Infectious Diseases and the Crisis Situations Caused by Them and certain other domestic legislation. The COVID-19 Response Fund was created to finance or co-finance activities to combat the COVID-19 pandemic and counter its effects on the Polish economy.

BGK manages the fund's payments and disbursements, acquires debt financing in the form of bond issues and loans, prepares a financial plan for the fund, which is agreed with the Minister of Finance and approved by the

Prime Minister of the Republic of Poland, and prepares monthly reports on the implementation of the financial plan, as well as a balance sheet and profit and loss account for the fund for each financial year.

In 2023, from the COVID-19 Response Fund financed in particular:

- expenses resulting from the so-called energy shield, including:
 - coal bonuses granted by municipalities and compensations for preferential selling of solid fuels under the Act of 27 October 2022 on preferential acquisition of solid fuels for households;
 - compensation provided under the Act of 15 September 2022 on special solutions for certain heat sources in connection with the situation in the fuel market;
 - compensation for the maximum price provided for in the Act of 27 October 2022 on emergency measures to reduce the level of electricity prices and support for certain consumers in 2023;
 - compensation and electricity allowances provided for in the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the electricity market situation;
 - compensation payments and VAT refunds provided for in the Act of 15 December 2022 on the special protection of certain consumers of gaseous fuels in 2023 in connection with the gas market situation;
- payments under funding commitments provided by BGK under the Government Polish Order Fund: Strategic Investment Programme and the Government Programme for Restoration of Monuments.

Total inflows of the COVID-19 Response Fund in 2023 was PLN 49,238 million, which represented 100.2 per cent. of the amount set out in the financial plan. The primary sources of financing of the COVID-19 Response Fund were transfers of write offs and solidarity contribution from Price Difference Payment Fund, subsidies from the state budget, payments from the National Health Fund and other public sector entities which amounted to PLN 23,658 million. Also, PLN 22,716 million was obtained from debt financing. The COVID-19 Response Fund's expenditures totalled PLN 59,545 million, including PLN 55,186 in relation to implementation of its statutory tasks.

As at 31 December 2023, the assets of the COVID-19 Response Fund amounted to PLN 165,775 million, which included PLN 1 million in cash PLN 2,638 million in NBP money market bills and PLN 163,135 million in other receivables. In 2023, the fund recorded a net loss of PLN 4,035 million.

The issuance of debt securities is one of the main sources of financing for the COVID-19 Response Fund and liabilities under bonds issued for the benefit of the COVID-19 Response Fund amounted to PLN 172,198 million.

The financial plan of the COVID-19 Response Fund for 2024 envisages inflows of PLN 74,043 million. The plan also envisages that total indebtedness of the COVID-19 Response Fund incurred in 2024 (loans and bonds) will amount to PLN 49,300 million.

Payments of principal and interest on the Guaranteed Notes issued for the purposes of the COVID-19 Response Fund are serviced from the statutory proceeds of the COVID-19 Response Fund. All debt securities issued to finance the COVID-19 Response Fund benefit from a guarantee from the Guarantor.

National Road Fund

The National Road Fund, established under the Act of 27 October 1994 on toll motorways and the National Road Fund, has been administered by BGK since 2004. The purpose of the National Road Fund is financing road construction projects implemented under the government's National Roads Construction Programme. The National Road Fund is a vehicle for accumulating and channelling funds to finance the construction and reconstruction of motorways, expressways and other national roads, finance the implementation, construction

and operation of a national tolling system, and to cover the costs of consulting services relating to the construction and upgrade of national roads, including under the following long-term government programs:

1. Government National Road Construction Programme 2030 (with an outlook to 2033);
2. Program for the Construction of 100 Bypass Roads 2020-2030; and
3. Safe Road Infrastructure Program 2021-2024.

National Road Fund also covers any expenditures related to payments due to toll motorway operators and costs of construction and maintenance of toll collection systems on national roads.

BGK manages the fund's payments and disbursements, acquires debt financing in the form of bond issues and loans (mainly from the European Investment Bank), prepares a financial plan for the fund, which is agreed with the Minister of Finance and Minister of Infrastructure and is subject to the opinion of the Minister of Funds and Regional Policy, and prepares periodical (monthly, quarterly, yearly) reports on the implementation of the financial plan, as well as a balance sheet and profit and loss account for the fund for each financial year.

The National Road Fund is financed from the following sources:

- a charge which is included in the price of fuel;
- European Union funds;
- loans;
- toll collection;
- road tolls, fines and penalties; and
- debt securities issued by BGK that are designated for financing the National Road Fund.

The issuance of debt securities is one of the sources of financing for the National Road Fund. As of the date of this Offering Circular, the aggregate principal amount of bonds issued by BGK to finance the National Road Fund is PLN 2,270 million and EUR 4,387.5 million.

In 2023, the proceeds of the National Road Fund totalled PLN 19,124 million, which represented 92.1 per cent. of the planned amount including PLN 6,741 million from the fuel charge, PLN 2,893 million from reimbursement from the EU budget, PLN 4,176 million from loans and bonds.

Expenditures of the National Road Fund in 2023 amounted to PLN 20,713 million, including:

- payments related to the implementation of road projects: PLN 15,331 million;
- expenditures related to the funding of a toll collection system: PLN 316 million;
- expenditures related to the servicing of bonds and loans: 2,977 million; and
- payments made to the operators of toll motorways: PLN 2,064 million.

As at 31 December 2023, the balance sheet total of the National Road Fund was PLN 63,540 million, a decrease of 2.24 per cent. compared with the figure as at the end of 2022. Liabilities under bonds issued for the purposes of the National Road Fund, amounting to PLN 21,305 million, went up by 8.85 per cent. as compared to the end of 2022. In the year ended 31 December 2023, the National Road Fund suffered a loss of PLN 1,698 million as compared to a loss of PLN 1,719 million in the year ended 31 December 2022.

The financial plan of the National Road Fund for 2024 envisages inflows of PLN 25,530 million. The plan also envisages that total indebtedness of the National Road Fund incurred in 2024 (loans and bonds) will amount to PLN 14,149 million.

Payments of principal and interest on the Notes issued for the purposes of the National Road Fund (including the Guaranteed Notes) are serviced from the statutory proceeds of the National Road Fund. Any Notes to be issued under the Programme to finance the National Road Fund may be guaranteed by the Guarantor.

The Armed Forces Support Fund

The Armed Forces Support Fund was established under the Homeland Defence Act of 12 March 2022 to finance objectives specified in the Armed Forces development programme. Moreover, the resources of the Armed Forces Support Fund may be allocated to:

- redemption and payment of interest on the bonds issued to finance the Armed Forces Support Fund, and covering the costs of their issuance;
- repayment of loans liabilities, together with interest and other costs directly related to these loans;
- repayment of short-term temporary financing provided to the Armed Forces Support Fund from BGK's own funds; and
- repayment of liabilities arising from any payments made by the Guarantor under a guarantee for loans or bonds issued to finance the Armed Forces Support Fund.

The main sources of financing for the Armed Forces Support Fund are:

- transfers of proceeds coming from providing support to foreign troops, providing military training grounds and specialised military services;
- revenues due under the Act of 10 July 2015 on the Military Property Agency;
- damages, contractual penalties, returned advance payments, proceeds from exercised guarantees, securities and other funds received in the course of execution of contracts concluded for the benefit of the Armed Forces;
- proceeds from the State Treasury securities transferred to the Armed Forces Support Fund;
- debt securities issued by BGK;
- loans granted by financial institutions;
- payments from the state budget transferred by the Ministry of Defence; and
- other income.

The fund commenced its operation in April 2022. BGK manages the fund's payments and disbursements, acquires debt financing, prepares a financial plan for the fund, which is agreed with the Minister of Finance and approved by the Minister of Defence and prepares annual reports on the implementation of the financial plan, as well as a balance sheet and profit and loss account for the fund for each financial year.

In 2023, the proceeds of the Armed Forces Support Fund totalled PLN 31,616 million, which represented 61.7 per cent. of the planned amount, including PLN 19,483 million from debt financing.

Expenditures from the Armed Forces Support Fund in 2023 amounted to PLN 24,189 million, including PLN 23,294 million related to the financing of expenses indicated in the Armed Forces Development Programme and PLN 891 million related to servicing of the debt financing.

As at 31 December 2023, the balance sheet total of the Armed Forces Support Fund was PLN 30,381 million. Liabilities under debt financing incurred for the purposes of the Armed Forces Support Fund amounted to PLN 27,884 million. In the year ended 31 December 2023, the Armed Forces Support Fund achieved a loss of PLN 587 million.

The financial plan of the Armed Forces Support Fund for 2024 envisages inflows of PLN 53,523 million.

Payments of principal and interest on the Guaranteed Notes issued for the purposes of the Armed Forces Support Fund are serviced from the statutory proceeds of the Armed Forces Support Fund. All debt securities issued to finance the Armed Forces Support Fund benefit from a guarantee from the Guarantor.

Aid Fund

The Aid Fund was established under the Act of 12 March 2022 on Support for Citizens of Ukraine in Connection with the Armed Conflict There, to address the humanitarian crisis caused by the Russian invasion of Ukraine (the “**Aid Act**”). The purpose of the Aid Fund is to provide financing or co-financing support for Ukraine, in particular support for Ukrainian citizens affected by the armed conflict. Tasks financed by the Aid Fund may be implemented both in Poland and abroad.

In 2023, the fund has continued to provide funding for:

- the health care benefits provided to refugees, the payment of social assistance benefits, family benefits and parental benefits;
- accommodation and meals for refugees, including the costs of operating the reception points and the medical points operating at the reception points;
- educational tasks related to the education, upbringing and care of children and pupils who are citizens of Ukraine whose stay is recognised as legal; and
- activities undertaken in connection with disruptions in the agricultural market caused by the war in Ukraine, related to Poland’s food security, as part of which Polish farmers received financial assistance.

The Bank handles the payments and disbursements of the Fund, obtains debt financing for the Fund in the form of bond issuances, prepares the financial plan of the Fund, which is subject to agreement with the Minister of Finance and approval by the Prime Minister, and prepares monthly reports on the implementation of the financial plan, as well as the balance sheet and profit and loss account of the Fund for the completed year.

The Aid Fund finances primarily:

- public administration activities concerning active forms of assistance to refugees, including health care benefits, social assistance benefits and Social Security benefits;
- support of local government units in the implementation of additional educational tasks related to the education, upbringing and care of children and students who are citizens of Ukraine, whose stay is legally recognized in Poland;
- activities related to national food security in connection with the armed conflict in Ukraine.

The Aid Fund is financed from the following sources:

- cash payments from certain public finance sector units;
- funds from the budget of the European Union which, with the consent of the European Commission, may be allocated to support the implementation of tasks related to providing support for Ukraine;
- payments from the state budget;
- proceeds from State Treasury securities;
- debt securities issued by BGK; and
- other income, including donations.

The fund commenced its operation in March 2022. As of the date of this Offering Circular, BGK has issued EUR 2,875 million and JPY 93,000 million in bonds to finance this fund. The issuance of debt securities is one of the sources of financing for the Aid Fund.

Proceeds of the Aid Fund in 2023 amounted to PLN 13,057 million, including PLN 7,944 million related to debt financing and PLN 4,996 million of funding from the State Treasury, EU funds and other public finance entities.

Expenditures of the Aid Fund in 2023 amounted to PLN 15,019 million, including PLN 14,776 million for financing of the funds statutory tasks.

As at 31 December 2023, the balance sheet total of the Aid Fund was PLN 13,963 million. Liabilities under bonds issued for the purposes of the Aid Fund amounted to PLN 13,340 million. In the year ended 31 December 2023, the Aid Fund achieved a loss of PLN 268 million.

The financial plan of the Aid Fund for 2024 envisages inflows of PLN 6,199 million. The plan also envisages that total indebtedness of the Aid Fund incurred in 2024 (loans and bonds) will amount to PLN 5,500 million.

Payments under debt securities issued by BGK to finance the Aid Fund (including any Notes to be issued under the Programme) should be made from the Aid Fund's funds. All debt securities issued to finance the Aid Fund are guaranteed by the Guarantor.

Railway Fund

The Railway Fund ("RF"), established at BGK under the Act on the Railway Fund of 16 December 2005 (as amended), has been functioning since 2006. The Railway Fund's objective is to accumulate funds and finance the construction, alteration, repair and maintenance of railways in Poland, and finance expenses relating to rail transport infrastructure. The Railway Fund also finances the decommissioning of redundant railways. The Railway Fund provides PKP Polskie Linie Kolejowe S.A., the national operator of rail infrastructure, with the funds necessary to cover its running costs. Apart from financing infrastructure investments, the Railway Fund can also finance the purchase and modernisation of rolling stock used for diagnosing, maintenance, repair or construction of railway infrastructure, rescue operations, supplies the State Treasury with funds necessary to cover the purchase price of shares in PKP Polskie Linie Kolejowe S.A. from Polskie Koleje Państwowe S.A., and may finance tasks of local governments in individual provinces related to the purchase, modernisation and repair of rolling stock used for the carriage of passengers.

BGK manages the fund's payments and disbursements, prepares a financial plan for the fund, which is agreed with the Minister of Finance and Minister of Infrastructure and is subject to the opinion of the Minister of Funds and Regional Policy, and prepares quarterly and yearly reports on the implementation of the financial plan, as well as a balance sheet and profit and loss account for the fund for each financial year.

The main source of financing for the Railway Fund is a charge which is included in the price of fuel. As of the date of this Offering Circular no debt securities were issued for the purposes of the Railway Fund.

Inflows to the Railway Fund in 2023 amounted to PLN 3,506 million, which included proceeds from the fuel charge of PLN 1,705 million.

The Railway Fund's expenditures in 2023 amounted to PLN 2,280 million (90.2 per cent. of the financial plan), including expenditures on financing of entities managing railroad infrastructure, including maintenance and repair of railroad infrastructure in the amount of PLN 2,279 million.

As at 31 December 2023, the Railway Fund had assets of PLN 4,597 million, an increase of 36.35 per cent. as compared with the figure as at the end of 2022. The main reason for the increase was changes in the securities held by the fund.

In the year ended 31 December 2023, the Railway Fund achieved a profit of PLN 248 million as compared to profit of PLN 264 million in the year ended 31 December 2022.

All debt securities issued to finance the Railway Fund may benefit from a guarantee from the Guarantor.

Borrower Support Fund

The Borrower Support Fund was established in 2015 under the Act on Support for Housing Loan Borrowers in a Difficult Financial Situation and Certain Other Acts, dated 9 October 2015 (Journal of Laws of 2021, item 1516, as amended) in order to support borrowers in difficult financial situations.

The purpose of the Fund is to provide repayable support to people in financial difficulty who are required to repay housing loan instalments that represent a significant burden on the household budget. The fund's resources are derived from lenders' contributions, in proportion to the size of their portfolio of housing loans to households that are more than 90 days in arrears in repayment of principal or interest, repayable support and income from the investment of the fund's free resources.

Lenders' contributions as at 31 December 2023 amounted to PLN 1,998.7 million.

As of the date of this Offering Circular, the Borrower Support Fund cannot be financed by the issuance of debt securities.

As at 31 December 2023, BGK had entered into agreements with 44 lenders regarding the implementation of the abovementioned measures.

As at 31 December 2023, the balance sheet total of the Borrower Support Fund was PLN 1,843 million as compared to PLN 1,873 million in 2022. The Borrower Support Fund reported a net profit of PLN 118.7 million in 2023 as compared to a net loss of PLN 32.7 million in 2022.

Subsidy Fund

The Subsidy Fund was established on the basis of the Act of 5 December 2002 on interest subsidies for fixed-rate housing loans.

In 2023, BGK financed the implementation of tasks related to the operation of the following programmes with the funds of the Subsidy Fund:

- **Loan interest subsidies (*Dopłaty do oprocentowania kredytów*).** The programme measures are implemented under Act of 5 December 2002 on interest subsidies for fixed-rate housing loans and in 2023 consisted of settlements with lending institutions for the differences between the interest charged for a given period at the reference rate and the interest repaid for the same period by borrowers, i.e., charged at a fixed interest rate.
- **Family on its own (*Rodzina na Swoim*).** In 2023, programme operations were limited to the administration of the programme and the ongoing processing of subsidy reimbursements.
- **Non-repayable support for construction (*Bezwrotne wsparcie budownictwa*).** Activities related to the operation of the programme are carried out under the Act of 8 December 2006 on financial support for certain housing projects and in 2023 consisted of receiving, assessing and qualifying applications for financial support and concluding and servicing of contracts under the programme.
- **Housing for the Young (*Mieszkanie dla Młodych*).** Activities related to the servicing of the programme were carried out on the basis of the Act of 27 September 2013 on State Aid for the Acquisition of the First Apartment by Young People and in 2023 consisted of the granting of the due amount of additional funding for the repayment of a part of the loan, disbursements of additional financial support and inspections at credit institutions, which included the compliance of the granted loan with the terms of the Act and the terms of the agreement concluded by the credit institutions with BGK.
- **Programme for the promotion of housing (*Program popierania budownictwa mieszkalnego*).** The programme operates on the basis of the Act on Social Forms of Housing Development of 26 October 1995 and its implementing act. BGK's main activities under the programme consist of accepting and assessing applications for preferential repayable financing under the current editions of the programme

and granting, servicing and monitoring financing based on applications submitted under previous editions.

- **The “Housing for a Start” programme (*Program “Mieszkanie na Start”*)**. Activities related to the operation of the programme are carried out on the basis of the Act of 20 July 2018 on state aid to housing expenses during the first years of housing tenancy. In 2023, these activities consisted of accepting applications for agreements on the application of subsidies submitted by municipalities, verifying them and concluding relevant agreements with municipalities.

Funds provided by the State Treasury are the principal source of funding for the Subsidy Fund. As of the date of this Offering Circular, the Subsidy Fund cannot be financed by the issuance of debt securities.

In 2023, the Subsidy Fund received a state budget grant of PLN 846 million.

As at the end of December 2023, the assets of the Subsidy Fund (including social rental housing funds) amounted to PLN 694 million and decreased by PLN 1,005 million from the end of 2022. The net profit generated in 2023 by the Subsidy Fund was PLN 77 million, as compared to a net profit of PLN 86 million in 2022.

Government Housing Development Fund

The Government Housing Development Fund operates on the basis of the Act of 10 December 2020 on Amending Certain Laws Supporting Housing Development, the Act of 26 October 1995 on Social Forms of Housing Development (as amended), and the agreement of 8 March 2021 on the principles of servicing the Government Housing Development Fund concluded between the Minister of Development and Technology and BGK.

The role of the Government Housing Development Fund is to improve the availability of housing for rental purposes by stimulating the market for new housing to be built by the Social Housing Initiative. The situation caused by the COVID-19 outbreak in 2020 has significantly reduced local government budget revenues, which could result in a reduction in their activity in supporting this type of investment in the coming years.

The Government Housing Development Fund’s funds are used to finance part or all of a municipality’s expenses for taking up shares in the projects of the Social Housing Initiative that are being created or already operating.

In order to carry out its tasks in 2023, the fund was injected by the Ministry of Funds and Policies Regional Policy with treasury securities with a nominal value of PLN 700 million.

In 2023, BGK received 411 payment instructions regarding the Government Housing Development Fund from the National Property Resource, based on which 395 instructions were executed for a total of PLN 1,213 million in financial support to municipalities.

As of the date of this Offering Circular, the Government Housing Development Fund cannot be financed by the issuance of debt securities.

National Guarantee Fund

The National Guarantee Fund has been operated by BGK since January 2018 under the Act on Sureties and Guarantees Granted by the State Treasury and Certain Legal Persons of 8 May 1997 (as amended) as part of the government programme “*Supporting Entrepreneurship through BGK Sureties and Guarantees*”. The establishment of the Fund was aimed at implementing the guarantee model in line with the Strategy for Responsible Development as an instrument of systemic strategic intervention in the SME sector that mobilises public and private funds for the implementation of state policy. The establishment of the National Guarantee Fund makes it possible to use funds released from financial instruments of operational programmes at the central level of the current and previous financial framework of the European Union, funds reallocated from BGK’s capital and any voluntary participation of stakeholders within any timeframe, thus diversifying the

source of financing for *de minimis* guarantees. The state budget plays a supplementary and supporting role as the guarantor of the system's liquidity.

In 2023, it was decided to end the offering of *de minimis* guarantees on the basis of the specific granting conditions introduced from March 2020 and continued due to the negative economic effects of Russia's aggression against Ukraine, as well as the sanctions imposed by the European Union.

From 1 January 2023, a *de minimis* portfolio Lease Guarantee line ("**LGL-NGF**") has been implemented as a continuation of the lease guarantee offer, following the expiry of the possibility to provide guarantees under the Portfolio Lease Guarantee Line with a counter-guarantee provided by the European Investment Fund from the Pan-European Guarantee Fund at the end of 2022.

In 2023, the National Guarantee Fund provided 93,311 *de minimis* guarantees for an aggregate amount of PLN 42,597 million. In 2023, 2,569 guarantees from the LGL-EGF were provided for an aggregate of PLN 453 million.

As at 31 December 2023, the balance sheet total of the National Guarantee Fund was PLN 220.67 million. The National Guarantee Fund reported a net profit of PLN 8.5 million in 2023.

The National Guarantee Fund can be financed by the issuance of debt securities. Payments of principal and interest on the Guaranteed Notes issued for the purposes of the National Guarantee Fund are serviced from the statutory proceeds of the National Guarantee Fund. Any Notes to be issued under the Programme to finance the National Guarantee Fund will be guaranteed by the Guarantor.

Polish Science Fund

The key objective of the Polish Science Fund is to finance scientific research of particular importance to the Polish economy, facilitating the development of innovative products as well as assisting organisations in implementing innovative organisational models for research and development activities. The Fund operates under the Act on Supporting Scientific Activities from the Polish Science Fund of 4 April 2019 (as amended) and the agreement between the Ministry of Science and Higher Education and BGK of 19 June 2019.

As of the date of this Offering Circular, no debt securities were issued by BGK for the purposes of the Polish Science Fund. Any Notes to be issued under the Programme to finance the Polish Science Fund may be guaranteed by the Guarantor.

In 2023, research funding granted by the Polish Science Fund amounted to PLN 19.46 million and payments related to the costs of tasks completed by the manager (an entity managing the virtual research institute appointed by the minister competent for science) amounted to PLN 8.41 million.

Thermo-modernisation and Renovation Fund

The operation of the Thermo-modernisation and Renovation Fund has its legal basis in the Act of 21 November 2008 on support for thermo-modernisation and renovation and the central register of building emissions. In 2023, the Fund performed tasks related to the handling of state financial assistance for investors implementing thermo-modernisation and renovation undertakings and the payment of compensation to owners of residential buildings in which there were accommodation units, implementing a renovation or renovation undertaking with their own funds or a loan, as well as the ongoing handling of the STOP SMOG programme resulting from agreements concluded with municipalities. The amendment to the aforementioned Act, as a result of the provisions of the Act of 29 September 2022 on the amendment of certain acts supporting the improvement of housing conditions, introduced changes to the parameters of the thermo-modernisation and renovation bonus and the new MHS (municipal housing stock) bonus to which investors implementing a thermo-modernisation or renovation project in the housing stock of a municipality are entitled in the amount of 50.0 per cent. of the costs of the project.

The amendment to the Act also introduced grants to operate the fund:

- **thermo-modernisation:** to improve the energy efficiency of a multi-family building;

- **MHS:** for improving the technical condition of the municipality's housing stock; and
- **Renewable Energy Sources(“RES”):** for the purchase, installation, construction or modernisation of a renewable energy source installation.

The source of funding for the bonuses is funds from the state budget at the disposal of the Minister of Development and Technology. Grants are financed from the budget of European funds or from the Polish Development Fund.

As of the date of this Offering Circular, the Thermo-modernisation and Renovation Fund cannot be financed by the issuance of debt securities.

In 2023, BGK cooperated with ten lending banks in the granting of the thermo-modernisation bonus, the renovation bonus and the compensation bonus, and with two institutions selected by tender, which verify audits and documentation for the strengthening of large-panel buildings.

In 2023, the fund carried out the ongoing operation under the STOP SMOG programme related to state financial assistance under municipal low-emission programmes enacted to reduce emissions and improve air quality. Undertakings under the programme are implemented on the basis of an agreement concluded with the municipality by NFEPWM for and on behalf of the minister responsible for climate issues.

As at 31 December 2023, the balance sheet total of the Thermo-modernisation and Renovation Fund amounted to PLN 531.2 million compared to PLN 452.2 million as at 31 December 2022. The Fund reported a net profit of PLN 20.5 million for 2023 as compared to net profit of PLN 18 million in 2022.

Liquidity Guarantee Fund

The establishment of the Liquidity Guarantee Fund is another measure supporting Polish businesses affected by the COVID-19 pandemic. The Liquidity Guarantee Fund provides guarantees for loans and guarantees on factoring.

The loans with a guarantee from the Liquidity Guarantee Fund are provided by Polish commercial and cooperative banks and taken by medium and large enterprises seeking to improve their liquidity during the difficulties caused by the COVID-19 pandemic.

Guarantees on factoring are a new instrument that was introduced in September 2020. Its purpose is to ensure financial liquidity for companies by increasing access to financing in the form of recourse factoring and reverse factoring, including allowing the continuation of agreements for factoring limits granted by the factor. The final beneficiaries of the measure are small, medium and large enterprises operating in Poland. However, financial institutions are not eligible final beneficiaries. The guarantees will be granted through factors, i.e., banks or factoring companies granting factoring limits.

Pursuant to the European Commission's decision of 22 December 2021 (State Aid SA.100902 2021/N Poland) (C(2021) 9960 final), BGK was allowed to provide guarantees from the Liquidity Guarantee Fund until 30 June 2022.

Payments of principal and interest on the Guaranteed Notes issued for the purposes of the Liquidity Guarantee Fund are serviced from the statutory proceeds of the Liquidity Guarantee Fund. All debt securities issued to finance the Liquidity Guarantee Fund benefit from a guarantee from the Guarantor.

Tourist Refund Fund

The Tourist Refund Fund operates on the basis of the amended Act of 2 March 2020 on special solutions related to the prevention and combating of COVID-19, other infectious diseases and crisis situations caused by them.

The payments from the Tourist Refund Fund are available to travellers who have not received a refund or have not agreed to accept a voucher for a trip, flight or hotel reservation that was cancelled due to the COVID-19 pandemic. The acceptance of applications and payments of funds to travellers will be carried out by the

Insurance Guarantee Fund. The Fund also operates based on the agreement between the Ministry of Development, Labour and Technology and BGK dated 29 October 2020.

The sources of funding for the Tourist Refund Fund are:

- payments from the state budget, part of which is at the disposal of the minister competent for tourism;
- interest on deposits of periodically free resources of the Tourist Refund Fund deposited in banks and interest on funds transferred to the deposit of the Minister of Finance; and
- payments from the COVID-19 Response Fund.

In 2020, the Fund was replenished with PLN 300 million from the COVID-19 Fund. The total amount of reimbursements made by tour operators to the Fund from the date of establishment to 31 December 2023 was PLN 67.70 million.

As of the date of this Offering Circular, the Tourist Refund Fund cannot be financed by the issuance of debt securities.

Inland Waterways Fund

In accordance with the Act on Financial Support of Inland Shipowners, the Inland Waterways Fund and the Reserve Fund, dated 31 July 2019 (as amended), the Inland Waterways Fund created at BGK under the Act on the Inland Waterways Fund and the Reserve Fund of 28 October 2002 became the Inland Waterways Fund within the meaning of the new Act, assuming its existing assets and liabilities and equity and commenced operations as a flow fund operated by BGK.

The purpose of the Inland Waterways Fund is to support inland waterway transport by co-funding fleet upgrades and other projects aimed at restructuring inland waterway transport, including environmental projects and safety improvement projects. The Inland Waterways Fund may also provide refinancing of the costs of acquiring shipping equipment.

In particular, the Inland Waterways Fund finances payments to inland shipowners under advanced preferential loans. The refinancing of the purchase of ship equipment and cancellations of part of preferential loans are made with the related costs and are charged against the fund. The support to shipowners from the Inland Waterways Fund constitutes *de minimis* aid and is provided by BGK in compliance with the terms specified in Commission Regulation (EU) No. 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid. By operating the fund, the Bank manages the fund's resources from grants from the National Fund for Environmental Protection and Water Management (*Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej*) and state budget subsidies.

As of the date of this Offering Circular, the Inland Waterways Fund cannot be financed by the issuance of debt securities.

As at 31 December 2023, the balance sheet total of the Fund was PLN 57.7 million as compared to PLN 55 million as at 31 December 2022.

Crisis Guarantee Fund

The Crisis Guarantee Fund was established under the Act of 12 March 2022 on support for citizens of Ukraine in connection with the armed conflict on the territory of that country., in order to provide guarantees and sureties for the repayment of loans or other obligations incurred by entrepreneurs. The operations of the Crisis Guarantee Fund are focused on:

- coverage of costs and expenses related to the granting of sureties and guarantees for the repayment of loans or other obligations incurred by entrepreneurs, including disbursements from such sureties and guaranties;

- repayment of liabilities on account of borrowings, loans and bonds issued, including to cover the costs of bond issuances; and
- reimbursement to BGK of its own funds spent on financing the timely handling of the Crisis Guarantee Fund's activities, together with remuneration for such financing, in an amount to be agreed with the Minister responsible for public finance.

The Crisis Guarantee Fund is financed from the following sources:

- commission fees for sureties and guarantees financed with the Crisis Guarantee Fund's funds;
- proceeds from recoveries of amounts paid by BGK in performance of a surety or guarantee agreement financed from the Crisis Guarantee Fund's funds;
- interest on the Crisis Guarantee Fund's funds;
- funds from the state budget provided by the Minister responsible for public finance;
- donations and bequests;
- loans incurred by BGK;
- debt securities issued by BGK; and
- other income.

The fund commenced its operation in July 2022. In 2023, the Crisis Guarantee Fund granted 2,312 guarantees in a total amount of PLN 17,126 million, including 704 factoring guarantees in a total amount of PLN 3,043 million.

Payments of principal and interest on the Guaranteed Notes issued for the purposes of the Crisis Guarantee Fund are serviced from the statutory proceeds of the Crisis Guarantee Fund. All debt securities issued to finance the Crisis Guarantee Fund benefit from a guarantee from the Guarantor.

Government Housing Fund

The Government Housing Fund operates on the basis of the Act of 1 October 2021 on Guaranteed Housing Loans, which introduced solutions implementing the socio-economic programme "Polish Deal" (*Polski Ład*).

The Government Housing Fund's goal is to improve the ability of households to meet their housing needs through elimination of the barrier of insufficient own funds that are required by lending banks as the borrower's own contribution to provide a mortgage loan by offering the ability to cover the loans with BGK's guarantees, as well as to stop negative demographic trends related to a low level of fertility in families repaying mortgage loans incurred to satisfy their own housing needs by making family repayments when a second or subsequent child is born into the borrower's household.

The resources of the Government Housing Fund will be used to cover costs and expenses of BGK related to the provision of guarantees, including payments made under the guarantees and family repayments of the principal of housing loans backed by BGK's guarantee.

The source of funding for the fund are funds from the state budget, which is administered by the Minister of Development and Technology. In 2023, the Government Housing Fund was provided with a grant from the state budget in the amount of PLN 12 million.

As of the date of this Offering Circular, the Government Housing Fund cannot be financed by the issuance of debt securities.

Student Loan Fund

As of 1 January 2019, the Student Loan and Credit Fund changed its name to the Student Loan Fund, which operates under the Act on Higher Education and Science of 20 July 2018 (as amended) and the Regulation of the Minister of Science and Higher Education on student loans of 20 December 2018 (as amended). The statutory objective of the Fund is to provide wider access to tertiary education through a system of preferential student loans in the form of loan interest subsidies and partial or complete forgiveness of loans. In accordance with the Act of 17 November 2021 Amending the Higher Education and Science Law and Certain Other Acts, a repayment of a student loan may be covered by BGK's surety of up to 100 per cent. of the principal and interest, and if it is not possible to recover the claim under the surety, the surety provider may cancel the claim in whole or in part.

Since 18 December 2021, when the amendment of the act became effective, interest on student loans is floating and constitutes the sum of the lending institution's margin and a 1.2 multiplied by the rediscount rate of the NBP, provided that the lending institution's margin is fixed over the lending period and cannot exceed 2 percentage points. The Student Loan Fund is financed by the State Treasury.

Since the launch of the student loan system, over 409 thousand students have obtained such loans.

As of the date of this Offering Circular, the Student Loan Fund cannot be financed by the issuance of debt securities.

Medical Studies Loan Fund

The Medical Studies Loan Fund was set up under the Act of 17 November 2021 Amending the Higher Education and Science Law and Certain Other Acts. The fund has the following goals:

1. increasing the availability of medical studies;
2. reducing the number of health professionals migrating abroad; and
3. increasing the number of specialists through a system of preferential loans for paid medical studies programmes in the Polish language.

Students can benefit from subsidies for interest on loans for medical studies, sureties of those loans provided by BGK, and partial or full forgiveness of loans for medical studies.

Loans covered by the Medical Studies Loan Fund are serviced by Bank Pekao SA based on the agreement dated 13 July 2022.

As of the date of this Offering Circular, the Medical Studies Loan Fund cannot be financed by the issuance of debt securities.

Ecological Surety and Guarantee Fund

The Ecological Surety and Guarantee Fund operates on the basis of the Act of 28 October 2020 on Amending the Act on Supporting Thermomodernisation and Renovations and Certain Other Acts and under the rules set forth in the Act of 27 April 2001 - Environmental Protection Law. The Ecological Surety and Guarantee Fund was established in BGK on 1 January 2021.

The key objective of the Ecological Surety and Guarantee Fund is to expand the instruments of influence of the "Clean Air" governmental intervention programme managed by the National Fund for Environmental Protection and Water Management and is to be implemented by 16 local environmental protection and water management funds. The programme aims to increase the energy efficiency of single-family residential buildings and reduce emissions of dust and other pollutants into the atmosphere from single-family residential buildings by replacing old, inefficient solid fuel heating equipment and carrying out thermal upgrades of these buildings.

The programme is intended to increase the energy efficiency of single-family residential buildings and reduce the emissions of dust and other pollutants they introduce into the atmosphere by replacing old, inefficient solid-fuel heating equipment and carrying out thermal modernisation of these buildings. As of the date of this Offering Circular, the Ecological Surety and Guarantee Fund cannot be financed by the issuance of debt securities.

In 2023, 577 guarantees in the total amount of PLN 27 million were granted under the Ecological Surety and Guarantee Fund.

Government Road Development Fund

Since 1 January 2023, BGK has also operated a Government Road Development Fund, which was established as a result of the transformation of the state special-purpose fund into a flow fund under the Act of 5 August 2022 amending the Act on the Government Road Development Fund and certain other laws.

The purpose of the fund is to support local government units in improving traffic safety and technical parameters of the local road network, as well as improving and increasing the attractiveness and accessibility of investment areas. The fund can be used to subsidize:

- construction, reconstruction and repair of district roads and municipal roads;
- construction of bridges located along provincial, district and municipal roads;
- construction of bypasses located along provincial roads;
- construction, reconstruction or repair of access to intermodal terminals or construction, reconstruction or repair of access to special economic zones;
- pedestrian roads, bicycle paths, pedestrian crossings, bicycle crossings, bus stop platforms and access to these platforms on district and municipal roads and on provincial roads; and
- construction, reconstruction or repair of accesses to intermodal terminals or construction, reconstruction or repair of accesses to special economic zones.

The financial plan for the fund is drawn up by the Minister of Infrastructure and is subject to agreement with the Minister of Finance. BGK handles payments and withdrawals and prepares quarterly reports on the implementation of the financial plan.

As of the date of this Offering Circular, Government Road Development Fund cannot be financed by the issuance of debt securities.

Operations of Group Entities

The Group's operations include in particular:

- equity investment operation;
- foreign expansion financing;
- Three Seas Initiative Investment Fund activities;
- financing of new technologies;
- other operations of BGK's associates.

Equity investment operations are carried out by investment funds, either directly or indirectly through other entities such as special purpose vehicles.

As at 31 December 2022, the Group entities responsible for equity investment activities included Fundusz Ekspansji Zagranicznej FIZ AN and vehicles for investment expansion in the high-technology sector

established in 2021, namely, a Manager of Alternative Investment Companies (Vinci S.A.) and alternative investment companies (Vinci S.A. HiTech ASI S.K.A., Vinci S.A. IQ ASI S.K.A., Vinci S.A. Da Gama ASI S.K.A.).

PFR Fundusz Inwestycyjny FIZ AN is a fund established to support investments made by entities whose activity is closely connected with the Polish economy. The Fund specialises in manufacturing companies and companies providing services to the industrial sector. Its investment strategy stipulates that the fund will finance the investments of entities with the majority of their production capacity or revenue sources located in the territory of Poland.

PFR Fundusz Inwestycyjny FIZ AN also finances investments in the following sectors: fuel and energy, chemical products and raw materials, consumer goods, trade and services, healthcare, industrial and construction and assembly production, technology, media and telecommunications, infrastructure projects. Financing can be provided either as equity or debt financing and can be used to finance new assets or modernise existing assets. The fund focuses its investments in Poland, but may also finance cross-border projects.

The Group supports foreign expansion of Polish businesses through Fundusz Ekspansji Zagranicznej FIZ AN managed by PFR TFI S.A. The fund invests jointly with Polish partners in projects related to the establishment of new or acquisition of existing companies outside the borders of Poland. The fund does not have a narrow sector focus. The fund ended its investment period at the end of Q1 2023.

By establishing four subsidiaries, Vinci S.A. (Manager of Alternative Investment Companies), Vinci S.A. HiTech ASI S.K.A., Vinci S.A. IQ ASI S.K.A. and Vinci S.A. Da Gama ASI S.K.A. BGK expanded the scope of its activities in high-technology sectors.

Vinci S.A. HiTech ASI S.K.A. was established with the purpose of investing in Polish businesses in the advanced technologies sector, including the automotive, biotechnology, power generation, space, and ICT industries, as well as industry 4.0. The new investment vehicle's mission is to make investments that fill the identified gap in financing of innovative projects in Poland, in particular those classified between venture capital and private equity. Investments in portfolio companies are made using equity instruments (such as shares, contributions to partnerships and derivatives) and by providing financing based on debt instruments, including bonds, convertible bonds or loans.

Vinci S.A. IQ ASI S.K.A. is an entity searching for innovative Polish research projects. The company operates as an early stage investment fund focused on advanced science or technological projects or projects with patent capacity or commercialization potential.

Vinci S.A. Da Gama ASI S.K.A. is an entity established in 2023 to support the foreign expansion of Polish companies.

At the end of 2023, the entities managed by Vinci S.A. had a total of three investments in their portfolio:

- Contec S.A., a company specialising in the processing of car tyres using pyrolysis;
- Oasis Diagnostics S.A., the company that is developing a medical device for the diagnosis of perinatal trauma; and
- Ready Bathroom Sp. z o.o. - manufacturer of prefabricated bathroom modules.

Through the equity investment of its subsidiary Vinci S.A. Da Gama ASI S.K.A., BGK supported the further international expansion of Ready Bathroom Sp. z o.o. The investment is in line with trends related to the pursuit of greater cost efficiency in construction and the reduction of its environmental impact. Furthermore, through the investment of its subsidiary, Vinci S.A. HiTech ASI S.K.A. with EUR 8 million, BGK supported Contec S.A.'s capacity expansion.

The Group's equity-accounted associates include KUKA S.A., which cooperates with the Bank to carry out activities aimed at supporting exports and foreign expansion of Polish businesses, 13 companies providing sureties (surety funds), 11 of which are classified as associates, and Krajowa Grupa Poręczeniowa sp. z o.o.

IT and operations

The Group's IT systems support remote banking channels, product management, accounting, IT and HR support. The IT infrastructure meets market standards and is protected with a regularly tested business continuity solution (including a remote facility), data backup procedures, off-site data storage and sophisticated cyber-crime prevention software. Additionally, BGK constantly monitors the compliance of its IT systems with the relevant recommendations of the KNF.

In 2023, BGK completed 138 projects aimed at increasing of the Group's technological capacities. The main focus was the digitisation of business processes, the reduction of technology debt and support solutions. In terms of the development of project and process management methodologies and standards, many improvements have been made that translate into efficient decision-making and agile manufacturing processes. BGK was the first entity in Poland to train all project managers in Green Project Management.

BGK's use of modern methodologies, tools and standards has resulted in numerous reference visits and prestigious awards. Its "Sustainable Development" project was among the winners of the IPMA Polish Project Excellence Award competition for the best managed project in 2023. In 2023, cooperation with IPMA Poland continued with an initiative to promote project management among children and teenagers, conducting IPMA Kids and IPMA Teens workshops.

In 2021, BGK launched an IT system upgrade programme (the "IT System Upgrade Programme") to modernise key systems in the IT infrastructure and to reduce technological debt, which is intended to enhance the effectiveness of supported business processes, enable their automation and ensure faster adjustment to the changing needs of BGK's stakeholders. The aim of the IT System Upgrade Programme is to meet business and market requirements by modernising key processes and reducing the technology debt of BGK. As part of the programme's continuation in 2023, among other things, the migration of further processes to the new Ferryt Enterprise platform was completed and the payment platform was implemented in production. The implementation of the changes allowed for a dynamic increase in the ability to respond to increasing business requirements, with the number of implemented changes and modifications to software and infrastructure increasing by more than 100.0 per cent. year-on-year since 2020.

Other initiatives, including improving the efficiency and usability of supported business processes, their modernisation and automation, and faster adaptation to the changing needs of BGK's shareholders through the use of new and effective tools are also being implemented. These measures aim to decrease BGK's technology debt.

The possibility of regulating tax liabilities on the e-Fiscal Office website as part of the BLIK project was introduced. BGK received an award for the most important initiative of the cashless world in Poland in 2023 at the XI Cashless Congress gala.

The 180 activities of the Union3 project were also completed in 2023, consisting of the introduction of functionalities enabling the handling of payments from European funds and national co-financing under the next financial perspective. The implementation of Robotic Process Automation already supports BGK in its daily tasks, providing processing time savings of nearly 22,000 hours/year.

There were 4,474 entities active in bgk24 at the end of 2023 (59 fewer than in 2022). The number of system users increased by 23.0 per cent. to 29,569. The system handled more than 15 million instructions in 2023. In 2023 BGK worked on the delivery and implementation of a new electronic channel platform, including webservice allowing direct integration of partners' financial and accounting programmes with the bank's systems. In 2024, a successive implementation of the new solution is planned.

Real properties

BGK's owns or leases various real estate properties. The main properties include its headquarters and branch offices in Poland and office space at ul. Chmielna 73, 00-801 Warsaw, Poland. BGK also leases office space in Brussels, London, Amsterdam and Frankfurt.

Material agreements

There are no material agreements executed by the Group that are not entered into in the ordinary course of the Group's business, which could result in any entity in the Group being under an obligation or entitlement that is material to BGK's ability to meet its obligations under the Notes.

As of the date of this Offering Circular, BGK and the Group do not depend on any industry, trade or financial agreements.

Legal proceedings

To the best of BGK's knowledge, as of 31 March 2024, it was a party to 151 court cases in which it acted as the plaintiff and 51 in which it acted as the defendant. No individual case's value exceeds 5 per cent. of BGK's equity. As of 31 March 2024, the value of the Group's provisions regarding all ongoing lawsuits was approximately PLN 52.2 million. BGK doesn't establish provisions associated with the risk of losing lawsuit when probability of losing such lawsuit is less than 50 per cent.

Moreover, on 22 November 2023, the KNF initiated administrative proceedings to impose a penalty on BGK under Article 176i.1.4 of the Polish Act on Trading in Financial Instruments in connection with the alleged infringement in 2023 of obligations resting on an entity that contributes input data to an administrator for the purposes of WIRON benchmark calculation. At the current stage of the proceedings, it is not possible to estimate whether any penalty will be imposed on BGK and it is not possible to make a reliable estimate of the amount of the potential penalty. To the best of BGK's knowledge, based on publicly available information, similar proceedings have been initiated against certain other banks in Poland who are contributors of input data to WIRON benchmark calculation.

Employees

As at 31 December 2023, the Group had 2,320 employees (full-time equivalents) compared to 2,029 employees (full-time equivalents) as at 31 December 2022 and 1,885 employees (full-time equivalent) as at 31 December 2021.

BGK's remuneration policy is consistent with its strategy, values and acceptable risk. The remuneration policy meets Polish legal requirements, compliance principles, is gender neutral, and complies with external guidelines and regulations which BGK is obliged to follow. The policy supports the implementation of the Bank's business and risk management strategy and limits conflicts of interests at BGK. It does not encourage the taking of excessive risk exceeding the general risk levels approved by the Supervisory Board, and it supports BGK's ESG goals.

The primary internal regulation in the area of the remuneration policy applicable to BGK employees is the *"Remuneration Rules for Employees of Bank Gospodarstwa Krajowego"*, which sets out the terms of employee remuneration, including rules of award and payment of variable remuneration, and award of other work-related benefits. The bonus scheme applied at BGK supports its strategy through rewarding employees for meeting their targets. The disbursement of funds as part of the annual bonus is conditional on BGK recording a net profit for the year for which the bonus is to be paid and its amount is determined based on an assessment of employees and their performance against individual targets.

The principles that govern the remuneration of persons serving as members of the Management Board are based on the Act on Rules of Remunerating Persons Who Manage Certain Companies of 9 June 2016 and the Declaration of the Minister of Finance of 14 October 2016 on rules for specifying the remuneration of the Members of the Management Board of BGK.

Sustainable development

Sustainable development is one of the core drivers of BGK's strategy for 2021–2025.

BGK aims to promote socio-economic development in a manner which creates better living conditions for future generations. In order to achieve this goal, BGK undertakes several initiatives. In particular, BGK is

striving to raise sustainable development awareness among its employees so that they can most effectively develop and use their competencies in support of BGK's mission.

Taking into account BGK's unique role in the market as the state development bank, BGK has aligned its internal regulations and processes with the requirements of national and EU regulators and market best practices in respect of environment, social and governance issues.

Moreover, the ESG Committee has been functioning at BGK since 1 January 2023, with a Chief ESG Officer being a member of the Management Board. The committee also includes members responsible for individual areas of environmental, social and corporate governance. At the beginning of 2023, BGK also implemented comprehensive ESG Risk Management Principles, including detailed solutions in the area of non-financial data acquisition and ESG risk assessment of each financing. A remuneration model for senior executives linked to ESG performance has been in place since the beginning of 2024.

In 2023, BGK formally completed its Sustainable Development project. The completion of the project work involved a smooth transition to day-to-day operations, based on a new management structure, including an ESG Committee and a network of ambassadors. In February 2023, the Sustainability Ambassador Programme was launched, in response to an internal need to build a network of people who have a good understanding of ESG and know how to navigate the processes involved. More than 130 people from 76 units of the bank have joined the programme, spreading the knowledge of sustainability within the bank. The ambassadors cascade the knowledge they have gained to their teams and engage colleagues in programme-related activities.

RISK MANAGEMENT

Overview

BGK's risk management system is organised on three independent levels. The first level comprises the management of risk at the day-to-day operational level. The second level comprises the compliance function and risk management by employees in positions or organisational units established specifically for that purpose, and is independent of risk management under the first level. The third level comprises operations carried out by BGK's internal audit department.

The objective of risk management is to maintain the stability and security of operations, as well as a high quality of assets, and to achieve the anticipated financial results at an acceptable risk level.

The risk management system is based on:

- Risk Management Strategy at BGK, which has been approved by BGK's Supervisory Board;
- Capital Management and Internal Capital Assessment Policy at BGK, which has been approved by BGK's Supervisory Board;
- risk management policies and procedures defining the principles of risk management that contain the objectives and principles related to management of a given type of risk, the acceptable detailed risk level, related to risk identification, measurement or assessment, monitoring, control and reporting, approved by BGK's Supervisory Board or Management Board;
- internal instructions concerning risk management specifying in detail how a particular risk type is to be managed; and
- ethical rules, principles of selection, remuneration and monitoring of employees performing crucial functions for BGK and the policy governing variable remuneration components of persons to have a significant impact on the risk profile of the Bank approved by BGK's Supervisory Board or Management Board.

The risk management system at BGK has the following tasks:

- risk identification, which comprises the determination of risk types, their current and potential sources (risk factors), areas exposed to a given risk type, identification of risks related to products, projects, processes, procedures and business model programmes;
- risk measurement/assessment, which comprises the establishment of risk quantification methods, application of the established methods of risk quantification and carrying out stress tests, including comprehensive stress tests at the level of the entire Bank;
- risk monitoring, which comprises supervision of the level of risk taken, control of relevance and accuracy of the applied methods of risk assessment and the evaluation of the efficiency of the instruments used;
- risk control, which comprises the determination and enforcement of risk control mechanisms, including risk mitigation (i.e. a limit system, ensuring independence between first-level risk management and second-level risk management, insurance, risk transfer, financing plans); and
- risk reporting, which comprises providing information on the risk profile, identification of possible threats, and assessment of the effectiveness of the adopted risk mitigation measures.

Risk Management Strategy at BGK covers all identified risks which BGK is exposed to in its activities. The strategy also defines the general acceptable level of risk, whereas the acceptable risk level in relation to specific risks is specified in risk management policies applicable to those risks.

The strategy also sets out the principles of risk culture. Through its actions and conduct, BGK's Management Board promotes the awareness of the relevance of risk in BGK's operations, the principles of assuming risk and its management (risk culture). These practices are then cascaded down through BGK's organisational structure.

For details of the Group's management process please see: Note 44 *Risk management at the Group*, Note 45 *Credit risk management* to 2023 Consolidated Financial Statements and Report on Risk Management and Capital Adequacy of Bank Gospodarstwa Krajowego as at 31 December 2023 (Pillar III)

Organisation of the credit risk management process

To identify credit risk and mitigate it to an acceptable level, and to continuously control the effectiveness of its actions, BGK uses a credit risk management process that comprises risk identification, measurement or assessment, monitoring, control (including mitigation) and reporting, together with an assessment of the efficiency of the adopted risk mitigation measures.

Credit risk management is carried out regarding:

- customer risk, accounting for individual credit exposures;
- loan portfolio risk; and
- credit risk and concentration risk related to the activities of subsidiaries.

In the credit risk management process, BGK applies a prudential approach. Key characteristics of the current risk management system are:

- separation of sales functions from client risk assessment at both the regional and head office levels of BGK;
- conducting a comprehensive individual credit risk assessment for all customers and transactions, so as to assign them to a specific credit risk category;
- the application of expert and statistical methods for measuring credit risk arising from transaction and customer risk, supporting the estimation of the probability of default and the amount of loss in the event of a default;
- a system for measuring portfolio risk by assessing its concentration by industry, sector, type of product and borrower;
- a system of decision-making competencies;
- regular verification of the risk of past transactions, including changes in the financial condition of borrowers and in BGK's environment;
- diversification of industries sectors, types of products and borrowers, within the resource exposure limits set out by BGK;
- determination of impairment allowances on credit exposures;
- analysis and verification of valuation principles related to loan collateral; and
- a system for monitoring exposures and related collateral, thereby allowing threats to be identified early.

The system of limits constitutes one of the credit risk management tools at BGK. Limits are established at both operational and strategic levels in line with the relevant responsibilities.

The following limit groups are used for credit risk:

- industry limits reflecting the risk inherent in the customer's core business;

- objective limits, resulting from the risk related to the purpose of a loan;
- subjective limits, defined depending on the customer type; and
- product limits.

Impairment allowances at BGK have been recognised in accordance with International Financial Reporting Standard 9 (Financial Instruments) (“**IFRS 9**”). IFRS 9 provides for the calculation of impairment allowances based on expected credit losses and taking into account forecasts and expected future economic conditions in light of the credit risk exposure assessment.

In the assessment of expected credit losses, a broad range of information is taken into account, including historical and current data and information on future economic conditions expected by BGK’s unit in charge of macroeconomic forecasts. The impairment model that is compliant with IFRS 9 is based on a division of exposures into stages, depending on the changes in credit quality relative to the initial recognition in accounting records. The manner of calculating an impairment loss depends on the stage:

Stage	Criterion for classification (stages)	Manner of calculating an impairment loss
Stage 1	Exposures for which, from the initial recognition until the reporting date, no significant increase in credit risk was identified and with no impairment.	12-month expected credit loss.
Stage 2	Exposures for which, from the initial recognition until the reporting date, a significant increase in credit risk was identified and with no impairment.	Lifetime expected credit losses.
Stage 3 (NPL)	Impaired exposures.	Lifetime expected credit losses.
POCI (NPL)	Exposures impaired at initial recognition.	Lifetime expected credit losses.

Organisation of key credit and concentration risks

Credit risk constitutes one of the most important risk types to which BGK is exposed in its operations. It is defined as a threat of a borrower’s default under an agreement, i.e., a failure to repay or partial repayment of receivables under credit exposure along with BGK’s remuneration within time limits defined in the agreement.

BGK mitigates credit risk at the micro level by assessing and monitoring individual customers and transactions, and at the macro level (for the entire portfolio) by establishing limits for individual segments and products.

BGK also uses stress tests to identify potential threats to its loan portfolio. One of the elements of stress testing is testing clients in industries with particular exposure to risks related to ESG factors. To that end, BGK separates clients from sectors most exposed to ESG factors. These sectors primarily include power generation, heat generation, fuel and gas, chemicals, air transport, rail transport, public transport, manufacturing and extraction.

Concentration risk

The risk of exposure concentration is an important aspect of credit risk. BGK has adopted appropriate internal rules and procedures applicable to exposure concentration, with a particular focus on large exposures to individual customers and related customer groups. Portfolio concentration is monitored at the level of individual borrowers, entities with equity or organisational relationships, and industries. The exposure concentration policies address different areas of BGK’s operations (not only lending but also investing activities or money market transactions).

Risk of partial or total default

Default occurs when a customer fails to meet the contractual repayment deadlines or fails to make any payment whatsoever. The materialisation of that risk is associated with an increase in costs by generating loss allowances, which in the case of total non-payment turn into a loss incurred.

BGK mitigates default risk by:

- assessing a customer's credit rating based on financial models, including predictive models based on whether the customer is assigned a credit rating which is adequate to the level of associated risk; and
- periodically monitoring a customer's economic and financial situation.

Collateral risk

Collateral risk occurs when the collateral of a credit exposure is inadequate to the financing granted or when the value of the collateral fluctuates significantly.

Collateral risk is mitigated by:

- the collateral policy adopted by a resolution of the Management Board, which sets the collateral adequacy criteria for a particular type of exposure, customer and collateral; and
- monitoring the value of collateral, in particular mortgages, through the periodic verification of property valuations and
- stress tests, including simulations of changes in the value of collaterals.

Interest rate risk and foreign exchange risk

Interest rate risk and foreign exchange risk are associated directly with default risk, because the materialisation of either of these risks considerably increases the probability of default. These risks can result in increased payments due from a customer due to an increase in interest rates or an adverse change in currency exchange rates, which results in higher debt service costs.

BGK mitigates interest rate risk and foreign exchange risk by:

- applying appropriate procedures for financing in foreign currencies, in particular when verifying the source of funds for repayment of BGK's receivables;
- performing stress tests, including simulations of interest rate and foreign exchange rate fluctuations and their impact on the customers' creditworthiness.

Exposure to credit risk in Ukraine, Russia and Belarus

In connection with Russia's armed aggression against Ukraine, BGK decided it would not make any new commitments, including any new loans to Russian and Belarusian banks, or make offers to Russian and Belarusian counterparties. In February 2022, the commitment limits for Russian and Belarusian banks as well as the commitment limits of Russia and Belarus were suspended and thus cooperation with banks from these countries was suspended.

Simultaneously, to support Polish exporters in the financing and implementation of concluded agreements and to protect Polish exports from the effects of the changing international situation, BGK continues to implement initiated financings, including those relating to documentary letters of credit for which binding offers have been made by BGK relating to Ukraine, Russia and Belarus, as long as current regulations, especially those relating to sanctions, are not breached.

As a precautionary measure, immediately following the commencement of military actions by Russia, BGK reclassified selected financings in the Ukrainian, Russian, and Belarusian markets from stage 1 to stage 2. BGK makes individual decisions on reclassifying exposures to stage 3 depending on observed grounds for reclassification. BGK continues to monitor the credit portfolio with exposure to risks associated with military actions in Ukraine and will deepen analyses in subsequent reporting periods as needed, which may affect the values of the credit portfolio subject to heightened risk.

Organisation of the financial risk management process

BGK's system of financial risk measurement includes, in particular, the following approaches and instruments:

- liquidity ratios, liquidity gap analysis, fund stability analyses and daily monitoring of the deposit base – applied in relation to the liquidity risk;
- measures of position volumes (such as foreign exchange position, interest rate gap) – applied to foreign exchange risk and interest rate risk;
- measures of sensitivity used for detailed analyses (BPV, duration, sensitivity of net interest income to changes in interest rates, sensitivity of the economic value) – applied to interest rate risk;
- Value at Risk (VaR, Expected Shortfall) – applied to market risk;
- capital adequacy ratios – ratios related to the external regulations, determining the adjustment of own funds to the level and nature of risks of BGK, taking into account among others, the size and structure of risk-weighted assets;
- leverage ratios – applied to leverage risk; and
- stress tests – applied to the financial risk.

One of the key mechanisms of financial risk management at BGK is the system of limits. BGK uses the following limits:

- for liquidity risk, limits include strategic limits, threshold values and analysis thresholds for liquidity ratios, which are a group of early warning indicators;
- for interest rate risk, limits include strategic limits and thresholds for sensitivity measures, position limits and loss limits;
- for foreign exchange risk, limits include position limits and loss limits;
- for capital adequacy, limits include limits for capital adequacy ratios, including a strategic limit and capital limits for individual activity areas;
- for leverage risk, limits include internal limits for leverage ratios, including a strategic limit.

The risk monitoring process consists of periodic control of the abovementioned limits and in analysing their utilisation. Financial risk reports are submitted to the Bank Financial Committee, the Management Board, the Risk Committee and the Supervisory Board. Procedures also specify the rules to be followed in the event of an increased level of financial risk.

Overview of key financial risks

Liquidity risk

Liquidity risk is a risk of losing the ability to pay liabilities as they fall due as a result of unfavourable changes in assets and liabilities and equity, off-balance-sheet transactions or the maturity mismatch of current cash flows, resulting in the need to incur unacceptable losses.

The purpose of liquidity risk management is to:

- ensure and maintain BGK's ability to meet both current and planned future liabilities, including costs of liquidity and return on equity;
- prevent stress conditions; and
- define business continuity solutions for a potential crisis.

Liquidity risk levels are presented in cyclical liquidity reports including, in particular, information on the utilisation of regulatory and internal liquidity limits, the stability of external funding and stress tests results as well as additional analyses concerning long-term liquidity. BGK controls the liquidity risk using a system of limits, including strategic limits, threshold values and analysis thresholds for liquidity ratios. The limit system covers current, short-term, medium-term and long-term liquidity. In 2023, BGK developed its liquidity risk management, including modifying the deposit base stability model, changing the calculation of liquidity risk measures and modifying the limit system. Moreover, the tools ensuring that the risk reporting process is more effective have been optimised. In 2023, the liquidity of BGK was at a safe level. Regulatory liquidity measures specified in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (CRR), as well as internal liquidity limits were not breached.

Regulatory liquidity measures:

Item	Limit	As at					
		31 December			31 December		
					Excluding flow funds		
		(audited)					
		2023	2022	2021	2023	2022	2021
LCR – liquidity coverage ratio	100.0% ¹	157.0%	167.0%	173.0%	168.0%	181.0%	211.0%
NSFR (Net Stable Funding Ratio)	100.0% ¹	164.0%	167.0%	173.0%	187.0%	197.0%	209.0%

¹The indicators are specified on an individual basis as the CRR does not require prudential consolidation.

Source: BGK

The change in the liquidity measures was mainly driven by an increase in long-term funding sources, the capitalisation of the bank by the Treasury, an increase in long-term funding sources (including deposits, bond issues and borrowings), an increase in the bank's lending and an increase in off-balance sheet commitments granted.

The table below presents the liquidity buffer and total net cash outflows of BGK at the date:

Item	As at		
	31 December		
	2023	2022	2021
	(PLN million)		
Liquidity buffer	155,830	144,544	158,505
Total net cash outflows	99,501	86,336	91,810

Source: BGK

Market risk

Market risk is defined as a risk of a possible deterioration in the value of BGK's portfolio of financial instruments or its financial results as a consequence of unfavourable changes in market parameters (such as exchange rates, interest rates and prices of debt and equity instruments). The objectives of market risk management are:

- identification of market risk areas, including risks associated with derivative instruments;
- in relation to the banking book, managing the balance sheet and off-balance sheet positions to minimize the risk of negative deviation of financial results from the material and financial and operational plan of the Bank, as well as minimizing the risk of adverse changes in net asset value, within an acceptable level of market risk; and
- in relation to the trading book, generating financial benefits by entering into dealer transactions in the interbank market and hedging portfolio risk within an acceptable level of market risk.

In 2023, BGK maintained acceptable levels of market risk and interest rate risk arising from the banking book, in accordance with the limits specified by the Supervisory Board (risk appetite).

Interest rate risk

The Bank operates a system of limits, which are subject to risk appetite levels which are determined by the Supervisory Board and the strategic limit set by BGK's Management Board. The Bank monitors interest rate risk using:

- economic value limit for the banking book;
- basis point value ("BPV") limits for the trading book and the banking book;
- loss limits;
- limits for sensitivity of net interest income risk, with market value changes taken into account in the banking book; and
- regulatory limits for supervisory outlier test for the banking book.

The risk monitoring process primarily involves the regular review of risk levels and the analysis of the utilisation of limits and threshold values.

Interest rate risk is measured using a number of metrics, including net present value ("NPV"), duration, measures that assess the sensitivity of financial instruments' present value to changes in interest rates (such as BPV, and economic value of equity), sensitivity of net interest income, repricing gap, value at risk ("VaR"), expected shortfall (ES), and stress tests measures. BGK also prepares lists of financial instruments using a given reference rate as a benchmark (basis risk) and monitors levels of termination of term deposits and loans prepayments (customer option risk). The Bank also estimates the credit spread risk in the banking book. The internal reporting system for interest rate risk includes, in particular, information on the utilisation of limits and the threshold values for interest rate risk, gains/losses on interest rate movements, measures such as VaR, ES, BPV, duration, modified duration, interest rate gap analyses, sensitivity of net interest income, sensitivity of the economic value, and results of stress tests.

In 2023, there was an increase in the interest sensitivity of net interest income with market value changes taken into account in the scenario of interest rate declines, mainly due to acceleration of repricing dates for debt securities, extension of repricing dates for the issue portfolio and adjustment of the model to EBA's guidelines. The BPV measure for the banking book compared to the end of the previous year increased due to capital injection to the Bank by way of acquisition of treasury debt securities denominated in PLN. The following table sets out the Group's key interest rate risk measures.

Key interest rate risk measures:

Item	31 December		
	2023	2022	2021
	(unaudited)		
	(PLN million)		
BPV			
banking book	(1)	(1)	(2)
trading book	0	0	0
Sensitivity of net interest income with market value taken into account by:			
-2pp	(453)	(220)	(589) ¹
+2pp	439	133	193 ¹
VaR 1D 99%²			
banking book	64	126	38
trading book	3	10	8

¹ Measure calculated without market value changes taken into account

²¹ VaR 1D 99% means the maximum potential loss in a value of a portfolio over a 1-day period for a 99% confidence interval in normal market conditions.

Source: BGK

Foreign exchange risk

Foreign exchange risk is measured in accordance with applicable principles, including analyses of foreign exchange positions, VaR and foreign exchange gains or losses. The utilisation of internal limits is also monitored on an ongoing basis with respect to currency position and loss.

Foreign exchange reports include, in particular, information on the utilisation of foreign exchange risk limits, performance, VaR and results of stress tests.

BGK's total foreign currency position as at 31 December 2023 stood at PLN 54 million, whereas the relevant VaR 1D 99% amounted to PLN 0.45 million. BGK's total foreign currency position as at 31 December 2022 stood at PLN 30 million, whereas the relevant VaR 1D 99% amounted to PLN 0.15 million. BGK's total foreign currency position as at 31 December 2021 stood at PLN 35 million, whereas the relevant VaR 1D 99% amounted to PLN 0.35 million.

Equity price risk

Risk is measured in accordance with applicable principles, mainly through analysing the equity instruments portfolio and VaR. As at 31 December 2023, VaR 10D 99% for the share portfolio was PLN 161 million. As at 31 December 2022, VaR 10D 99% for the listed shares portfolio was PLN 170 million. As at 31 December 2021, VaR 10D 99% for the share portfolio was PLN 205 million.

The VaR 10D 99% measure declined in 2023 as a result of lower share price volatility compared to the previous year. The value of the equity portfolio increased by PLN 509.3 million mainly as a result of a rise in the share price of PKO BP S.A. In addition, in 2023 relative to 2022 the exposure to investment funds was higher due to more investment certificates held following the contributions to funds made by BGK.

The VaR 10D 99% measure declined in 2022 due to the lower value of the equity portfolio compared to the previous year. The value of the equity portfolio decreased by PLN 367.8 million mainly due to a decline in the share price of PKO BP S.A. In addition, there was a decrease in exposure to mutual funds in 2022 relative to 2021 due to fewer investment certificates held as a result of redemptions.

Organisation of the operational risk management process

Operational risk is the risk of losses related to all major areas of operations pursued by BGK, including any new, existing and modified products, processes and systems, and is related to both internal factors (such as the organisational structure, business profile, IT systems used, customer profile, customer complaints, HR quality, organisational changes and employee turnover) and external factors (external environment of BGK).

Operational risk management covers all regions/organisational units of BGK's head office and all subsidiaries supervised by BGK's head office, in line with the head office organisational rules and their responsibilities.

The Bank manages operational risk through:

- the use of an Operational Risk Coordinator;
- a process-based approach to the assessment of operational risk (including the use of an operational risk map);
- operational risk ratios (KRI);
- a centralised database of all operational risk-related recommendations;
- a methodology for assessing operational risk related to financial intermediaries; and
- the assessment of risks related to projects and agreements.

The purpose of operational risk measurement is to evaluate threats resulting from operational risks using predetermined risk measurements. Operational risk assessment includes: calculation of KRIs, calculation of

the capital requirement using Basic Indicator Approach, stress tests, determination of internal capital, assessment of financial intermediary risk and assessment of risk related to projects and outsourcing agreements.

Information on operational risk for BGK and its subsidiaries is reported on a regular basis to executive management, BGK's Operational Risk and Internal Control Committee, BGK's Management Board, BGK's Supervisory Board and the Risk Committee.

The Operational Risk and Internal Control Committee (ORC) functions at BGK as an opinion-forming and decision-making body, assisting BGK's Management Board in the oversight and control of operational risk, compliance risk, and the control function at BGK, as well as the assessment of the effectiveness of the risk management system.

BGK's business continuity management system for critical processes is regularly tested on an annual basis. The essential processes are identified in accordance with the new architecture of BGK.

In 2023, operational risk increased, although the level of risk appetite utilisation remains low.

Overview of business risk

Business risk is defined as the risk of failure to achieve assumed and required economic goals, in particular with respect to financial results, due to changes in the economic, social, legal, business and market environment, and failure to achieve business and social goals implemented by BGK in line with its mission and as part of tasks defined by the Polish government. Business risk involves strategic risk.

The purpose of business risk management is to maintain at an acceptable level the potential negative financial impact of adverse changes in the business environment, adverse decisions, inadequate implementation of decisions or inadequate response to changes in the business environment.

ESG risk

ESG risk results from ESG risk factors that may have a negative impact (directly or indirectly) on BGK, its partners, investors in BGK's bonds, BGK's employees and its service providers.

ESG risk consists of environmental risk (which covers climate risk, including physical and transition risks), social risk and corporate governance risk. ESG risk is a risk embedded in other risks, as well as a hybrid risk – it can be measurable or difficult to measure, depending on the nature of the risk in which it is embedded.

ESG risk identification consists of identifying the sources of ESG risk, both current and potential, that arise from the ongoing and planned activities of BGK, its employees, business partners, or the discontinuation of activities that generate ESG risk. Sources of ESG risk can be internal (internal events, if they arise from Group's organisation and activities) and external (external events, if they are beyond BGK's control, such as those involving business partners, external environmental or social factors).

ESG risk assessment involves a combined analysis of relevant environmental, social and corporate governance factors. As far as processes are concerned, ESG risk assessment is carried out, among others, in the lending and investment process, due to their significance in the implementation of BGK's strategy. ESG risk assessment as part of the lending and investment process involves determining the level of risk related to business partners, financed activities or BGK's equity investments.

As part of ESG risk control, risk control mechanisms are applied, including a limit reflecting the size and the risk profile of BGK's operations.

Monitoring ESG risk size and profile after applying risk control mechanisms is carried out on the basis of information collected during credit monitoring, including the monitoring of project progress and investment; information collected during ongoing verification and testing; and results of stress tests.

Risk reporting includes:

1. identification of potential threats; and
2. information about risk mitigation measures and assessment of their effectiveness.

ESG risk is reported in:

- ESG risk disclosure – including an annual and semi-annual qualitative and quantitative report presenting BGK's ESG risk management methods and the size of the Bank's exposure in the area of climate change risk analysis;
3. taxonomy report (internal report) – presenting the results of the analysis of the compliance of BGK's portfolio with the EU Taxonomy criteria;
 4. ESG risk assessment report (internal report) – presenting the results of ESG risk monitoring in risk management processes, in which ESG risk is embedded, as well as monitoring the use of the strategic limit for ESG risk;
 5. integrated annual report; and
 6. stress test report.

Other risks

BGK also manages other risks, in particular compliance risk and reputation risk. It adopts similar principles as it does to manage operational risk, as well as model risk and risk of changes in macroeconomic conditions, in accordance with relevant internal procedures. Moreover, BGK manages leverage risk.

MANAGEMENT AND GOVERNANCE

Overview

The corporate governance framework of BGK is defined by external legal acts, in particular, the Act on Bank Gospodarstwa Krajowego of 14 March 2003, and the Articles of Association of Bank Gospodarstwa Krajowego, attached as an appendix to the Regulation of the Minister of Development of 16 September 2016 on the adoption of the Articles of Association of Bank Gospodarstwa Krajowego.

BGK's corporate bodies include:

- the Management Board responsible for BGK's day-to-day operations; and
- the Supervisory Board, which oversees BGK's activities.

The Bank has no General Meeting.

BGK's Relationship with the State Treasury

BGK is a Polish development bank and is controlled by the State Treasury. The State Treasury exercises control over BGK mainly through BGK's Supervisory Board, which is composed of representatives of various parts of the government responsible for managing State Treasury matters, the economy, construction and housing, transportation and regional development. The chairperson and members of the Supervisory Board are appointed by the Prime Minister of the Republic of Poland. The Supervisory Board has broad powers, including the power to repeal the resolutions of BGK's Management Board.

Under the Act, the Minister of Finance is obliged to provide BGK with funds to facilitate the execution of BGK's activities and funds to maintain its liquidity ratio. To enable BGK to raise additional funds, the Minister of Finance may issue, on behalf of the State Treasury, a guarantee covering the repayment of loans and credit lines granted to BGK and BGK's liabilities under debt securities issued by BGK.

The Supervisory Board decides on the distribution of BGK's annual profit. The profit may, among others, be retained as reserve capital, paid to the state budget or used for other purposes specified by the Supervisory Board.

Management Board

The basis and the scope of functions of the Management Board are set out in the Act on Bank Gospodarstwa Krajowego, the Articles of Association of BGK, the Banking Law and the Rules of the BGK Management Board approved by a resolution of the Supervisory Board. The Management Board has the power to decide on any matters related to the management of BGK, except those which have been assigned to the Supervisory Board and President of the Management Board.

The Management Board is responsible for managing BGK's activities and its day-to-day operations. The head of the Management Board is the President of the Management Board. The President of the Management Board represents BGK externally, leads Management Board meetings and ensures the execution of Management Board resolutions.

The Management Board members are appointed by the Prime Minister of the Republic of Poland for a five-year term from the candidates nominated by the ministers responsible for economy, financial institutions, transport, regional development, and public finance. The Supervisory Board may dismiss or suspend a Management Board member before the expiry of his/her term. It may also delegate one of its members to the Management Board.

The Management Board consists of the following members:

Name	Position
Mirosław Czekaj	Acting President of the Management Board
Marta Postuła	First vice-president of the Management Board
Maciej Kliś	Vice President of the Management Board

Radosław Kwiecień
Tomasz Robaczyński

Member of the Management Board
Member of the Management Board

The business address of all Management Board members is Bank Gospodarstwa Krajowego, Al. Jerozolimskie 7, 00-955 Warsaw, Poland. The correspondence address of BGK is VARSO 2, ul. Chmielna 73, 00-801 Warsaw, Poland.

Mirosław Czekaj – Acting President of the Management Board

Mirosław Czekaj has extensive experience of nearly 30 years in managing large business entities, including banks and financial institutions.

Currently, he is the President of the Supervisory Board of the Miejskie Zakłady Autobusowe and a member of the Management Board at Unia Metropolii Polskich Imienia Pawła Adamowicza.

From 1996 to 1997, he was a member of the Supervisory Board of Pomorski Bank Kredytowy in Szczecin.

From 2004 to 2006, he was vice-president of Bank Gospodarstwa Krajowego, overseeing the bank's commercial activities, cooperation with commercial customers and local authorities and the management of the branch network.

From 2009 to 2016, he was Vice-Chairman of the Supervisory Board of PKO Bank Polski and Chairman of the Audit Committee at the bank, where he oversaw, among other things, the financial reporting process, internal audit, risk management, compliance management and external audit.

He has been chairman or member of supervisory boards on a number of occasions, including Metro Warszawskie, Miejskie Przedsiębiorstwo Taksówkowe and the Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej.

From January 2007 to April 2024, Mirosław Czekaj served as Treasurer of the City of Warsaw, where he was responsible for, among other things, financial management and policy, consolidated reporting of more than 1,000 entities, taxation and accounting. He was also responsible for debt, liquidity and financial risk management, including securities issues and cooperation with international financial institutions, banks, rating agencies and auditors.

Mirosław Czekaj, Ph.D. (Post-doctoral degree) is an assistant professor at the College of Business Science, where he specialises in scientific issues relating in particular to public finance, including budget planning and financial reporting. He is the author of dozens of publications on these topics in national and international scientific journals.

Mirosław Czekaj is a chartered accountant No 8476.

Marta Postuła – First vice-president of the Management Board

Marta Postuła, has been an advisor to the Board of Directors for Sustainable Development at the Brokerage House of Bank Ochrony Środowiska since 2022. Prior to that, she was a head of the Issuer Relations Department at the same institution for six years.

She has several years of experience working in the public sector. From 1999 to 2016, she worked at the Ministry of Finance, where she headed departments responsible for, among other things: the creation of strategic documents and coordination of activities related to the development of the Act on Public Finance, the implementation of socio-economic policies of governments, and the assessment of the efficiency of public spending in the public sector.

She has served on the supervisory boards of, among others, BGK, PL2012, Intercity and SKM.

Since 2020, she has been Head of the Department of Finance and Accounting at the Faculty of Management of the University of Warsaw. From 2016 to 2023, she served as director of the UW Entrepreneurship Centre.

Since 2020, she has been a full professor of social sciences, a title she received from the President of the Republic of Poland. She holds a postdoctoral degree in economics in the discipline of finance, as well as a PhD in economics from the Warsaw School of Economics.

She is the author of numerous book publications and articles in the field of finance, particularly in the areas of public finance and investment finance.

Maciej Kliś - Vice President of the Management Board

Maciej Kliś is a lawyer who has been practicing law for over 23 years, and has been an attorney-at-law for 20 years. He graduated the Faculty of Law and Administration of the Jagiellonian University, where he also participated in doctoral studies and taught at this university. He held scholarship at the Harvard University, a participant of many academic programs in Poland and abroad, with particular emphasis on the United States of America, including Stanford University. During his professional career, he has appeared before courts all over the world. His academic and professional activity focused on the issues of cyber law and security of ICT networks. For many years, he has represented clients in banking and financial matters, and has carried out audits of criminal liability of management staff. As part of representing clients in disciplinary proceedings, he has independently conducted proceedings in Poland, Switzerland and the United States of America. He is the author of a number of academic and popular-academic publications published i.a in "Polityka" and other industrial publications. His activities are particularly focused on the sphere of criminal liability of business entities, the consequences of acting to the detriment of a legal entity and the prevention of violations of the law in the field of financial management. He is also engaged in dealing with the issues of mobbing and discrimination in the work environment, with particular emphasis on the principles of disciplinary and criminal liability, as well as the shape and transparency of procedures related to this topic. Author of many trainings in the field of business entity law.

Radosław Kwiecień – Member of the Management Board

Since March 2001, Radosław Kwiecień has held managerial positions in various areas at Bank Gospodarki Żywnościowej S.A. in Warsaw (currently BNP Paribas Bank Polska S.A.). From 2012 until 2016, he was responsible for the bank's operations as the Director of the National Operations Department. At that time, he was also a member of the Operating Risk Management and Bank Business Continuity Committee.

He is a member of the Cash Transactions Team at the Polish Bank Association.

Radosław Kwiecień is a graduate of the Economic Faculty of the University of Opole and postgraduate studies in controlling and capital investments at the WSB University in Poznań, in preparing and managing public-private partnership projects at the Warsaw School of Economics, as well as management studies at Koźmiński University.

Tomasz Robaczyński – Member of the Management Board

Since 1999, Tomasz Robaczyński has held various positions in the Ministry of Finance. Between 2007 and 2018, he was Director of the Paying Authority Department at the Ministry of Finance, which manages EU funds and supervises co-financing from the budget. Before that, between 2004 and 2007, he was in charge of one of the divisions within the department. From 2018 until joining BGK's Management Board in 2020, he was an Undersecretary of State in the Ministry of Finance, responsible for supervising the state budget, utilisation of European Union funds and the funding of the state budget's borrowing needs as well central and local government initiatives.

He has authored and co-authored numerous publications on public finance.

Mr Robaczyński is a lawyer who graduated from the Faculty of Law and Administration at the University of Warsaw. He also completed a non-degree course in art history at the Institute of Art History at the University of Warsaw.

Supervisory Board

The Supervisory Board exercises permanent supervision over the activities of BGK in all areas of its operations. It also approves BGK's long-term development plans. The Supervisory Board's approval is also required for BGK to issue debt securities.

The Supervisory Board is appointed for a four-year term. Potential members of the BGK Supervisory Board must be approved by the Council for Companies with State Treasury Shareholding and State Legal Persons operating at the Chancellery of the Prime Minister of the Republic of Poland. The Chairperson of the Supervisory Board is appointed and removed from office by the President of the Council of Ministers at the request of the minister competent for the economy. The remaining members of the Supervisory Board are appointed and removed from office by the President of the Council of Ministers at the request of the competent ministers. A member of the Supervisory Board may not be a member of the Management Board.

Meetings of the Supervisory Board are held when needed but at least once each quarter. Resolutions of the Supervisory Board are adopted by an absolute majority of votes in the presence of at least a half of its members, including the Chairperson or a Deputy Chairperson or a person designated to chair the meeting. Resolutions of the Supervisory Board are provided to the Management Board for implementation or for information purposes.

The Supervisory Board has an Audit Committee, which consists of three to five members selected from the members of the Supervisory Board. The Audit Committee is responsible for overseeing the internal audit unit within BGK, monitoring the financial reporting process, the internal control and risk management systems and monitoring the external financial audits conducted at BGK.

The Supervisory Board consists of the following members:

Name	Position
Michał Prawdzic – Łaszcz	Chairman of the Supervisory Board
Katarzyna Przewalska	Deputy Chairwoman of the Supervisory Board
Magdalena Miętus	Secretary of the Supervisory Board
Gertruda Uścińska	Member of the Supervisory Board
Zbigniew Stasiak	Member of the Supervisory Board
Marcin Buczyński	Member of the Supervisory Board
Magdalena Miętus	Member of the Supervisory Board
Jacek Pierzyński	Member of the Supervisory Board
Jarosław Dąbrowski	Member of the Supervisory Board
Tomasz Szałwiński	Member of the Supervisory Board
Bartłomiej Wojciech Opalski	Member of the Supervisory Board

The business address of all Supervisory Board members is: Bank Gospodarstwa Krajowego, Al. Jerozolimskie 7, 00-955 Warsaw, Poland. The correspondence address of BGK is VARSO 2, ul. Chmielna 73, 00-801 Warsaw, Poland.

Michał Prawdzic – Łaszcz – Chairman of the Supervisory Board

Michał Prawdzic – Łaszcz is a graduate of the Faculty of Law and Administration at Jagiellonian University in Cracow. In 2003 he completed his lawyer's training conducted by the Cracow Bar Association. He is the attorney-at-law and a member of the Cracow Bar Association. He has over 20 years of experience in providing legal services to individuals and legal entities, including state legal entities. In 2013-2016 he was a judge of the Disciplinary Court of the Cracow Bar Association. He also participated as an advisor in a number of projects in the field of public procurement, public-private partnership, corporate law. Since 2003 he has been running a legal office in Cracow. From 2000 to 2003, he worked at the Kancelaria Adwokacka Adwokata Andrzeja Stelmacha in Cracow.

Katarzyna Przewalska – Deputy Chairwoman of the Supervisory Board

Katarzyna Przewalska is a graduate of the Faculty of Law and Administration of the University of Warsaw.

Since 1993, Katarzyna Przewalska has been employed by the Ministry of Finance, including since 2018 as the Director of the Financial Market Development Department. Previously, in 1993, she worked at the Senate of the Republic of Poland, and from 1985 to 1986 at the University of Warsaw.

From 2000 to 2006 and from 2008 to 2016 she was a member and chairwoman of the Supervisory Board of KUKI S.A., and from 2004 to 2006 she was a member of the Supervisory Board of KDPW S.A. From 2020 to 2023 she was also a Member of the Board of Polish Agency for Audit Oversight. Since 2020, she has been the chairwoman of the board of the Borrower Support Fund.

Magdalena Miętus – Secretary of the Supervisory Board

Magdalena Miętus is an attorney-at-law, and a graduate of the University of Łódź - Faculty of Law and Administration.

Since December 2023, she has been the Director of the Legal Department at the Ministry of Infrastructure. She is the President of the Supervisory Board of Fundusz Rozwoju Spółek S.A. From 2022 to 2023, she was an attorney-at-law at the Ministry of the Interior and Administration. From 2012 to 2022, she worked at the Ministry of Interior and Administration in the Department of Civil Protection and Crisis Management. From 2001 to 2012, she worked at the Ministry of Interior and Administration in the Department of Permits and Concessions and from 1999 to 2000 she also worked for Green Distribution sp. z o.o. and Etanco Polska sp. z o.o. in Łódź.

Gertruda Uścińska – Member of the Supervisory Board

In January 2023, Gertruda Uścińska was appointed to the Supervisory Board of BGK.

She is a graduate of University of Silesia in Katowice. She is a law professor at the University of Warsaw, expert and specialist in international law, social security law, labour law, coordination of social security systems and freedom of movement of persons in the European Union.

Gertruda Uścińska is an academic lecturer at the University of Warsaw, Head of the Centre for Social Security Studies at the University of Warsaw, Professor at the Institute of Labour and Social Affairs. She is also the Chairperson of the Committee for Labour and Social Policy Studies at the Polish Academy of Sciences.

In 2016-2024, she has been the President of the Social Insurance Institution (*Zakład Ubezpieczeń Społecznych*). Since 2020, she has been the Chairperson of the Pension Insurance Committee of the International Association of Social Security, based in Geneva (International Social Security Association), operating under the auspices of the International Labour Organisation (ILO).

Gertruda Uścińska is the author of numerous publications on international and European social security law, comparative social policy, public finance, public management, cost optimisation of state public policies.

Zbigniew Stasiak – Member of the Supervisory Board

Zbigniew Stasiak is a graduate of the University of Łódź, Faculty of Economics and Sociology and the Polish-American Executive MBA Study Program run by the Faculty of Management of the University of Łódź and The Robert H. Smith of Business at the University of Maryland. He completed postgraduate studies in “Internal Audit and Accounting” at the Faculty of Management at the University of Łódź and “E-marketing in Practice” at the Łazarski University in Warsaw.

Currently, he is the President of the Management Board of the Municipal “Spółdzielnia Samopomoc Chłopska” in Pabianice and the Chairman of the Supervisory Board of the “Przedsiębiorstwo Komunalne Gminy Konstantynów Łódzki”. From 2016 to 2020, he was the President of the Management Board of the “Samopomoc” Trade and Service Cooperative in Łódź. Previously, in the years 2010-2017, he was the Deputy President of the Management Board of the Provincial Fund for Environmental Protection and Water Management in Łódź. From 2008 to 2010 he was the Director of the Regional Branch in Łódź at the Agricultural Market Agency, and earlier in the years 2005-2008 he was the President of the Management Board of Agropunkt sp. z o.o. In the years 1998-2005 he also worked at the Provincial Fund for Environmental

Protection and Water Management in Łódź and at the Agency for Restructuring and Modernisation of Agriculture as Deputy Director of the Regional Branch.

Marcin Buczyński – Member of the Supervisory Board

Marcin Buczyński is an attorney-at-law, and a graduate of the Faculty of Law and Administration at the Maria Curie-Skłodowska University in Lublin.

Since 2009, he has been running a law firm - Kancelaria Radcy Prawnego Marcin Buczyński. Since 2016, he has been a partner in Kołodziej – Delekta Kancelaria Radców Prawnych sp. komandytowa. From 2006 to 2007 he worked at A. and B. Chadaj – B. Gdulewicz – J. Gilewicz Spółka Partnerska Adwokatów i Radców Prawnych in Lublin and previously at the Law Firm of Legal Advisers B. Malec-Poznańska i D. Wójcik-Murdza sp. j. in Lublin as a trainee attorney-at-law. Previously, in the period 2004 - 2006, he worked at the District Court in Lublin – VIII Department of Labour and Social Insurance as a court clerk.

In addition, since 2021 and 2015, he has been the President of the Management Board of SATIVAGRO sp. z o.o. and Legal Group sp. z o.o. From 2012 to 2016, he was a member of the Council of the District Chamber of Legal Advisors in Lublin.

Jacek Pierzyński – Member of the Supervisory Board

Jacek Pierzyński is an attorney-at-law, and a graduate of the Faculty of Law at the University of Wrocław. He also completed postgraduate studies in Finance and Banking at the Faculty of Economic Management of the National University of Economics in Wrocław.

Currently, he is the President of the Supervisory Board of Monnari Trade S.A. and the President of the Management Board of Śląski Holding Przemysłowy S.A.

Since 2003, Jacek Pierzyński has been running a business in the form of the Law Firm of Economic and Banking Law Attorney-at-Law Jacek Pierzyński. From 2015 to 2017, he was the President of the Management Board of BOŚ Invest Management sp. z o.o. and BOŚ Capital sp. z o.o. Previously, in the period 2015-2016, he was the President of the Management Board of BOŚ Nieruchomości sp. z o.o., from 2012 to 2018 he was employed at Bank Ochrony Środowiska S.A. as an Advisor to the President of the Management Board, and in the years 2010-2011 he was the Vice President and Deputy President of the Management Board of Bank Ochrony Środowiska S.A. In 2010 he was the President of the Management Board of POLO sp. z o.o., from 2008 to 2010 he was the Vice-President of the Management Board of PKO Inwestycje sp. z o.o., from 2007 to 2008 he was employed as an Advisor to the President of the Management Board for Corporate Market at Kredobank (Ukraine). From 1999 to 2007 he worked at PKO Bank Polski S.A. as Director of the Opole and Kluczbork branches and Director of the Centre Branch in Opole. From 1998 to 1999 he was employed at WBK S.A. and from 1993 to 1998 at PEKAO S.A. From 1989 to 1993 he worked as a trainee at the District Prosecutor's Office in Kluczbork.

Jacek Pierzyński since 2011 has been the Vice-Chairman and then Chairman of the Supervisory Board of Monnari Trade S.A. Previously, he also served on the supervisory boards of Baltic Dom 2 sp. z o.o., Pomeranka sp. z o.o., Textilimpex sp. z o.o., Attis Group sp. z o.o., Attis Holding S.A., Novomex sp. z o.o., Powiatowe Centrum Zdrowia S.A., Wodkan Przedsiębiorstwo Wodociągów i Kanalizacji S.A.

Jarosław Dąbrowski – Member of the Supervisory Board

Jarosław Dariusz Dąbrowski is a graduate of law studies at the University of Warsaw. He holds an MBA diploma obtained at the University of Brussels and the University of Warsaw. He is also an AMP postgraduate diploma from the University of Navarra/IESE Business School. He also studied at Edinburgh University Management School as part of the Know-How Fund scholarship created by Margaret Thatcher.

Since 2019, he has been the President of the Management Board of DF Capital & Management sp. z o.o., a company involved in the implementation of projects in the area of investment banking, M&A transaction advisory and strategic consulting for the banking, insurance and investment fund sectors. From 2017 to 2018, he worked at SGB Bank S.A., where he first held the position of advisor to the Management Board and then

First Vice-President of the Management Board responsible for managing the bank, supervising the bank's restructuring process, as well as the development strategy.

From 2015 to 2017, he was the Chairman of the Supervisory Board of Michael/Ström Dom Maklerski sp. z o.o. (formerly DF Capital Dom Maklerski sp. z o.o.). From 2010 to 2014, he was the President of the Management Board of DF Capital Dom Maklerski sp. z o.o.

From 2004 to 2009, he was the President of the Management Board of Bank DnB NORD Polska S.A. (formerly Bank NORD L/B Polska S.A.) and BISE S.A., which was later merged with Bank DnB NORD Polska S.A. From 1997 to 2003, he was a Member of the Management Board and then Vice-President of the Management Board of Raiffeisen Bank Polska S.A., where he was responsible, among others, for corporate banking, SMEs, as well as leasing and factoring.

From 1995 to 1997 he was the President of the Management Board of the National Investment Fund PROGRESS S.A. From 1994 to 1997 he was employed at the Raiffeisen Atkins Fund Management Consortium S.A., where he held various positions, including President of the Management Board and General Director.

In 2019, he was a member of the Supervisory Board of ABC Data S.A., listed on the Warsaw Stock Exchange. From 2013 to 2015, he was a member of the Supervisory Board of MCI Capital S.A., also listed on the Warsaw Stock Exchange, and earlier, from 2010 to 2013, he was a member of the Supervisory Board of PBP S.A. (currently Nest Bank).

Jarosław Dąbrowski is also passionate about the Polish and world's twentieth century economic and political history as well as present geopolitics. His current interests also include areas related to ESG (Environmental, Social and Governance), in particular the digital, climate and social transformation of Poland and the rest of the world.

As a financier, he actively participates in a number of advisory boards (i.e., FinTech & InsurTech Digital Congress and European Financial Congress) as well as professional associations (IESE Alumni Association).

Tomasz Szalwiński – Member of the Supervisory Board

A graduate of master's studies at the University of Łódź, where he graduated in Computer Science and Econometrics at the Faculty of Economics and Sociology. Since November 2006 he has been an appointed government official. In 2020, he also completed postgraduate MBA studies. Since 2022, he has been a lecturer at KSAP (National School of Public Administration).

From 2019 to 2020, he was a member of the Financial Education Council. Since 2017, he has been a member of the Central Statistical Office (GUS). From 2012 to 2016, he was a member of the Supervisory Board of Bank Gospodarstwa Krajowego. Since 2001 he has been an employee of the Department of Financial Policy, Analysis and Statistics at the Ministry of Finance (currently the Department of Macroeconomic Policy), since February 2009 he has been the deputy director, and since January 2024 the director of the department.

Bartłomiej Wojciech Opaliński - Member of the Supervisory Board

Bartłomiej Opaliński is PhD of law and practicing attorney-at-law. He graduated from the Faculty of Law and Administration at Łazarski University. Since 2011, Opaliński has been an academic lecturer and assistant professor at the Faculty of Law and Administration at Łazarski University, where he is the Dean of the Faculty of Law and Administration for apprenticeship in the legal professions and the Head of the Institute of Law Enforcement Bodies and since 2016 has been a member of the Centre for Legislative Process Research at Łazarski University. From October 2023 to April 2024, he was the Chairman of the Supervisory Board of Elektrociepłownia Ciechanów sp. z o.o. From February 2015 to September 2023, he was the Chairman of the Supervisory Board at Przedsiębiorstwo Energetyki Ciepłej in Ciechanów sp. z o.o. and from May 2017, he was a member of the Warsaw Real Estate Reprivatization Commission at the Ministry of Justice before becoming the Deputy Chairman. Since 2022, he has been an attorney-at-law at the Independent Public Health Care Centre Warsaw Wola-Śródmieście in Warsaw. From 2014 to 2017, he was an attorney-at-law in the Kancelaria Radcy Prawnego dr Bartłomiej Opaliński. From 2012 to 2015, he worked as a judiciary specialist in the Court Judgements Office of the Supreme Administrative Court. In the period 2011 to 2014 he worked

at the Kancelaria Radcy Prawnego dr Ireny Kleniewskiej, from 2009 to 2011 he worked at the Law Office of Kancelaria Radcy Prawnego Anny Iżyckiej, and from 2006 to 2009 he worked at the Kancelaria Adwokacka, Adwokat Wojciech Romalski.

Conflict of interest

BGK is aware of activities performed by the members of the Management Board and the Supervisory Board in the entities other than BGK. BGK does not consider these activities to be significant with respect to the Issuer.

To the best of BGK's knowledge, with respect to all the members of the Management Board and the Supervisory Board, there are no actual conflicts of interest arising from their personal interests or duties and obligations towards BGK, however potential conflicts of interest might arise in connection with the activities in the entities disclosed above if the decisions regarding cooperation between such entities and BGK are the subject to the decisions of the Management Board or Supervisory Board or if such entities are clients of BGK.

Any potential conflict of interest is appropriately managed by BGK in accordance with BGK's Code of Ethics, Conflict of Interest Policy and the Management Board and the Supervisory Board internal regulations.

RELATED PARTY TRANSACTIONS

BGK entered into a number of related party transactions that mainly involved granting loans, taking deposits and entering into repurchase agreements. All related party transactions were entered into on arm's length terms. The tables below summarise the related party transactions entered into by the Group as at the dates and for the periods indicated:

Entity	31 December 2023			2023		
	Receivables	Liabilities	Financial and guarantee liabilities granted	Interest income and commissions income	Interest expenses and commissions expenses	Result from allowance for expected credit losses in Phase 3
		(audited) (PLN million)				
Associates	-	168	1,848	-	17	-
Other units.....	-	16,958	442	-	2,141	-
Transactions with State Treasury	10,114	52,894	54,576	34	5,665	-
Transactions with affiliates of State Treasury	13,288	39,720	21,243	1,185	2,630	52
Total	23,402	109,740	78,109	1,219	10,453	52

Source: 2023 Consolidated Financial Statements

Entity	31 December 2022			2022		
	Receivables	Liabilities	Financial and guarantee liabilities granted	Interest income and commissions income	Interest expenses and commissions expenses	Result from allowance for expected credit losses in Phase 3
		(audited) (PLN million)				
Associates	-	262	2,793	-	20	-
Other units.....	-	12,206	367	-	676	-
Transactions with State Treasury	3,359	71,764	48,286	32	5,888	-
Transactions with affiliates of State Treasury	12,741	27,744	27,779	864	1,300	108
Total	16,100	111,976	79,225	896	7,884	108

Source: 2023 Consolidated Financial Statements

Entity	31 December 2021			2021		
	Receivables	Liabilities	Financial and guarantee liabilities granted	Interest income and commissions income	Interest expenses and commissions expenses	Result from allowance for expected credit losses in Phase 3
			(audited) (PLN million)			
Associates	-	306	2,186	-	(1)	-
Other units.....	-	4,984	278	-	(13)	-
Transactions with State Treasury	1,482	70,201	37,670	23	(264)	-
Transactions with affiliates of State Treasury	10,591	22,567	11,889	238	(23)	56
Total	12,073	98,058	52,023	261	(301)	56

Source: 2022 Consolidated Financial Statements

Detailed information on the transactions with the State Treasury and other related parties is included in Note 38 (*Transactions with Related Entities*) to the 2023 Consolidated Financial Statements.

REGULATORY OVERVIEW

BGK's legal status

BGK is regulated by the Act of 14 March 2003 on Bank Gospodarstwa Krajowego and is subject to the Banking Law, with the exceptions provided for in the Act on Bank Gospodarstwa Krajowego and the Articles of Association of Bank Gospodarstwa Krajowego, attached as an appendix to the Regulation of the Minister of Development of 16 September 2016 on the adoption of the Articles of Association of Bank Gospodarstwa Krajowego. The provisions of the Banking Law do not apply to BGK with regard to bankruptcy and recovery planning, among other things.

With regard to regulations concerning corporate governance of BGK, please see the section “*Management and governance*” below.

Specific legal requirements for banks

Engaging in banking activities involves meeting multiple regulatory obligations, most of which follow directly from the provisions of the Banking Law, and from resolutions, ordinances and recommendations issued by the KNF. The most important of these obligations relate to banks' own funds, total capital ratio, exposure concentration, risk management systems and financial management conducted by banks.

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

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

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

BGK is not a subject of the deposit guarantee scheme under the Bank Guarantee Fund, regulated by the Act of 10 June 2016 on Bank Guarantee Fund, Deposit Guarantee Scheme and Compulsory Restructuring.

Banking supervision exercised by the KNF

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

- assessment of the financial position of banks, including their solvency, the quality of assets, liquidity and the financial results;
- review of the quality of the bank management systems, including, in particular, the risk management system and internal control system;
- assessment of the compliance of credit facilities, cash loans, letters of credit, bank guarantees and sureties granted, and of bank securities issued, with applicable regulations;
- examination of collateral and timely repayment of credit facilities and cash loans;
- examination and assessment of banks' compliance with the exposure concentration limits and standards for the risk acceptable in banks' operations as determined by KNF;
- estimating, maintaining and reviewing internal capital; and
- assessment of the compliance of banks' activities with the appropriate regulations.

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

Other supervisory authorities

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

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

Personal data protection

In light of the large number of individuals serviced by banks, all the regulations concerning personal data protection are of particular importance to banking operations. Personal data may be processed exclusively in compliance with specific regulations, while applying technical and organisational measures that ensure the protection of personal data, particularly from disclosure to any unauthorised parties. Additionally, data subjects' rights to access, rectification, erasure of personal data, restriction of the processing concerning the data subject, object to processing, the right to data portability and the right to withdraw consent at any time, where applicable, and the right to lodge a complaint with a supervisory authority should be ensured.

Regulation (EU) 2016/679 (General Data Protection Regulation, "GDPR") entered into force on 24 May 2016 and is applicable from 25 May 2018. It has imposed new obligations and guidelines on controllers and processors with regard to the processing of personal data. This means a significant change for companies in their approach to the security of data storage and the issue of making it available to processors or other controllers.

The key challenges resulting from the GDPR result from:

- a comprehensive definition of personal data, covering any information relating to an identified or identifiable natural person, including also special categories of personal data;
- specific principles relating to processing of personal data and a set of lawful bases for personal data processing;
- automated processing of personal data will be permitted under certain conditions;
- considerably increased rights of the individuals in particular with respect to the right to access, rectification, erasure of personal data, restriction of the processing, data portability, objection to the processing, right to withdraw consent to data processing and right to lodge a complaint with a supervisory authority;
- new obligations of data, controllers and processors related to security of data processing, including implementation of technical and organizational measures for ensuring the security of the processing;
- new obligations regarding appointment of the data protection officer; and
- administrative fines for non-compliance with the GDPR which can reach EUR 20 million or 4 per cent. of an organisation's annual worldwide turnover of the preceding financial year, whichever is higher. Supervisory authorities may also take other enforcement actions, including the right to impose a limitation including a ban on processing or suspension of data flows to a recipient in a third country. Moreover, pursuant to the GDPR, individuals have the right to receive compensation from the controller or processor for the damage suffered in connection with violation of the GDPR. Further, Polish laws provide for criminal liability for unlawful personal data processing.

Additional requirements regarding processing of personal data within the banking operations may derive from national laws, in particular with respect to the processing of employee personal and conducting various marketing activities. Polish laws may also provide for some more specific obligations, such as an obligation to conduct a DPIA in some specific circumstances or obligation to notify the appointment of a data protection officer to the supervisory authority.

Cyber security

BGK is a part of the National Cyber Security System governed by the Act of 5 July 2018 on National Cybersecurity System (“**Cybersecurity Act**”). The Cybersecurity Act aims to ensure cybersecurity at the national level, including the uninterrupted provision of critical and digital services, by achieving an adequate level of security for information systems used to provide these services and ensuring incident handling. The Cybersecurity Act imposes several obligations on BGK, in particular in relation to notification of cybersecurity incidents.

Funds

BGK operates the following flow funds regulated by separate acts:

- the National Road Fund (*Krajowy Fundusz Drogowy*), regulated by the Act of 27 October 1994 on toll highways and the National Road Fund;
- the Railway Fund (*Fundusz Kolejowy*) regulated by the Act of 16 December 2005 on the Railway Fund;
- the Inland Waterways Fund (*Fundusz Żeglugi Śródlądowej*) regulated by the Act of 31 July 2019 on Financial Support of Inland Shipowners, the Inland Waterways Fund and the Reserve Fund;
- the Subsidy Fund (*Fundusz Dopłat*) regulated by the Act of 5 December 2002 on interest subsidies for housing loans with a fixed interest rate;
- the Student Loan Fund (*Fundusz Kredytów Studenckich*) regulated by the Act of 20 July 2018 - Law on Higher Education and Science;
- the Thermo-modernisation and Renovation Fund (*Fundusz Termomodernizacji i Remontów*) regulated by the Act of 21 November 2008 on supporting thermomodernisation and renovations and on the central register of building emissions;
- the Borrower Support Fund (*Fundusz Wsparcia Kredytobiorców*) regulated by the Act of 9 October 2015 on Support for Housing Loan Borrowers in a Difficult Financial Situation and certain other acts;
- the National Guarantee Fund (*Krajowy Fundusz Gwarancyjny*) regulated by the Act of 8 May 1997 on Sureties and Guarantees Granted by the State Treasury and Certain Legal Persons;
- the Polish Science Fund (*Fundusz Polskiej Nauki*) regulated by the Act of 4 April 2019 on Supporting Scientific Activities from the Polish Science Fund;
- the COVID-19 Response Fund (*Fundusz Przeciwdziałania COVID-19*) regulated by the Act of 31 March 2020 amending the act on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and the crisis situations caused by them and certain other domestic legislation;
- the Liquidity Guarantee Fund (*Fundusz Gwarancji Płynnościowych*) regulated by the Act of 31 March 2020 amending the act on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and the crisis situations caused by them and certain other domestic legislation;
- the Tourist Refund Fund (*Turystyczny Fundusz Zwrotów*) regulated by the amended Act of 2 March 2020 on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and crisis situations caused by them;

- the Government Housing Development Fund (*Rządowy Fundusz Rozwoju Mieszkalnictwa*) regulated by the Act of 10 December 2020 on amending certain laws supporting housing development and the Act of 26 October 1995 on social forms of housing development;
- the Ecological Surety and Guarantee Fund (*Ekologiczny Fundusz Poręczeń i Gwarancji*) regulated by the Act of 28 October 2020 on amending the Act on supporting thermomodernisation and renovations and certain other acts and the Act of 27 April 2001 – Environmental Protection Law;
- the Medical Studies Loan Fund (*Fundusz Kredytowania Studiów Medycznych*) regulated by the Act of 17 November 2021 Amending the Higher Education and Science Law and Certain Other Acts;
- the Government Housing Fund (*Rządowy Fundusz Mieszkaniowy*) regulated by the Act of 1 October 2021 on Guaranteed Housing Loans;
- the Aid Fund (*Fundusz Pomocy*) regulated by the Act of 12 March 2022 on support for citizens of Ukraine in connection with the armed conflict on the territory of that country;
- the Crisis Guarantee Fund (*Fundusz Gwarancji Kryzysowych*) regulated by the Act of 12 March 2022 on support for citizens of Ukraine in connection with the armed conflict on the territory of that country;
- the Armed Forces Support Fund (*Fundusz Wsparcia Sił Zbrojnych*) regulated by the Homeland Defence Act of 11 March 2022; and
- Government Road Development Fund (*Rządowy Fundusz Rozwoju Dróg*) regulated by the Act of 5 August 2022 amending the Act on the Government Road Development Fund and certain other laws.

DESCRIPTION OF THE GUARANTOR

Each Tranche of Guaranteed Notes will have the benefit of a Guarantee of the Notes. Notes other than Guaranteed Notes will not have the benefit of a Guarantee of the Notes.

For information on the Guarantor, investors should refer to the following sections relating to the Guarantor contained in the Prospectus accompanying the Prospectus Supplement of the State Treasury of the Republic of Poland dated 11 March 2024:

- The Republic of Poland (pages 2 - 12);
- The Economy (pages 13 - 17);
- Balance of Payments and Foreign Trade (pages 18 - 22);
- Monetary and Financial System (pages 23 - 30);
- Public Finance (pages 31 - 41);
- Public Debt (pages 42 - 46); and
- Total External Debt (pages 47 - 48).

CLEARING AND SETTLEMENT

Book-Entry Ownership

Bearer Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons may be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg or an alternative clearing system as agreed between the Issuer and the relevant Dealer, or with a common safekeeper for Euroclear and/or Clearstream, Luxembourg or an alternative clearing system if such Notes are held in NGN form. Transfers of interests in such Temporary Global Notes or Permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the alternative clearing system.

Payments of the principal of, and interest and other amounts on, any Global Note will be made to the common depositary or the common safekeeper for Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or its nominee as the bearer thereof. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that each of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, upon receipt of any such payment in respect of a Global Note held by a common depositary or its nominee or a common safekeeper, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of Euroclear or Clearstream, Luxembourg or any other relevant clearing system, as the case may be. The Issuer also expects that payments by participants to owners of beneficial interests in a Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Registered Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Registered Notes to be represented by an Unrestricted Global Registered Note or a Restricted Global Registered Note. Each Unrestricted Global Registered Note or a Restricted Global Registered Note deposited with a common depositary or a common safekeeper for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg will have an ISIN and a Common Code.

The Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Registered Note. Each such Restricted Global Registered Note will have a CUSIP number. Each Restricted Global Registered Note will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Registered Note, as set out under “*Transfer Restrictions*”. In certain circumstances, as described below in “*Transfers of Registered Notes*”, transfers of interests in a Restricted Global Registered Note may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the custodian, with whom the Restricted Global Registered Note is deposited, and DTC will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors may hold their beneficial interests in an Unrestricted Global Registered Note only through Clearstream, Luxembourg or Euroclear, if they are participants in such systems, or indirectly through organisations that are participants in such systems. Investors may hold their beneficial interests in a Restricted Global Registered Note directly through DTC if they are participants in the DTC system, or indirectly through organisations, which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Registered Note registered in the name of DTC's nominee will be to, or to the order of, its nominee as the registered owner of such Restricted Global Registered Note. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments denominated in U.S. dollars in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Registered Note as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Registered Note held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating, to or payments made on account of, beneficial ownership interests in any Restricted Global Registered Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of the principal of, and interest and other amounts on, each Unrestricted Global Registered Note and each Restricted Global Registered Note deposited with a common depositary or a common safekeeper for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg will be made to the common depositary or common safekeeper (as the case may be) of Euroclear and/or Clearstream, Luxembourg or its nominee as the registered owner thereof. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of beneficial ownership interests in any such Unrestricted Global Registered Note or Restricted Global Registered Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The Issuer expects that each of Euroclear and Clearstream, Luxembourg, upon receipt of any such payment in respect of any such Unrestricted Global Registered Note or Restricted Global Registered Note held by a common depositary or common safekeeper (as the case may be) or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Unrestricted Global Registered Note or Restricted Global Registered Note as shown on the records of Euroclear or Clearstream, Luxembourg, as the case may be. The Issuer also expects that payments by participants to owners of beneficial interests in an Unrestricted Global Registered Note or Restricted Global Registered Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

All Registered Notes will initially be in the form of an Unrestricted Global Registered Note and/or a Restricted Global Registered Note. Individual Note Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Registered Note, in amounts specified in the applicable Final Terms, and, in the case of Notes initially represented by a Restricted Global Registered Note, in minimum amounts of U.S.\$200,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described below.

Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Registered Note registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Restricted Global Registered Note registered in the name of a nominee of DTC will be made or procured to be made by the Exchange Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Exchange Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Company by the Fiscal Agent, who in turn will pay them to the Exchange Agent, who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the record date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Exchange Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants

entitled to receive the relevant payment who elect to receive such payment in U.S. dollars. The Agency Agreement sets out the manner in which such conversions are to be made and, in certain circumstances, Noteholders will be required to provide their payment details for such specified currency via their custodian or depositary.

Transfers of Registered Notes

Transfers of interests in Global Registered Notes within Euroclear, Clearstream, Luxembourg and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Registered Note to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Registered Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Registered Note may only be held through Euroclear or Clearstream, Luxembourg. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Registered Note to a transferee who wishes to take delivery of such interest through a Restricted Global Registered Note for the same Series of Notes **provided that** any such transfer made on or prior to the expiration of the distribution compliance period (as used in “*Subscription and Sale*”) relating to the Notes represented by such Unrestricted Global Registered Note will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Registered Note will only be made upon request through Euroclear or Clearstream, Luxembourg by the holder of an interest in the Unrestricted Global Registered Note to the Fiscal Agent with details of the account at Euroclear or Clearstream, Luxembourg or DTC to be credited with the relevant interest in the Restricted Global Registered Note. Transfers at any time by a holder of any interest in the Restricted Global Registered Note to a transferee who takes delivery of such interest through an Unrestricted Global Registered Note will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and/or DTC to be credited and debited, respectively, with an interest in each relevant Global Registered Note.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under “*Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the custodian, the Registrar and the Fiscal Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Registered Note will be effected through the Fiscal Agent, the custodian, the Registrar receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the

interest in the relevant Global Registered Note resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “*Transfer Restrictions*”.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Registered Note for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Registered Note are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Registered Notes as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Registered Notes for exchange for Individual Note Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Registered Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Registered Note is lodged with DTC or its custodian, Restricted Notes represented by Individual Note Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream, Luxembourg or DTC.

Individual Note Certificates

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Registered Notes in the circumstances set forth in “*Form of Notes—Restricted Global Registered Notes*” or (ii) in the case of Unrestricted Global Registered Notes in the circumstances set forth in “*Form of Notes – Unrestricted Global Registered Notes*”. In such circumstances, the Issuer will cause sufficient Individual Note Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Registered Note must provide the Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Note Certificates; and
- (ii) in the case of a Restricted Global Registered Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer

is being made in compliance with the provisions of Rule 144A. Individual Restricted Note Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States, secondary market generally are required to settle within two business days (“**T+2**”), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Registered Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, in respect of any trades of such Notes that will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own adviser.

TAXATION

The following is a general description of certain tax considerations relating to the Notes capable to benefit from tax exemption as regulated in Article 17(1)(50b) of the CIT Act or in Article 21(1)(130b) of the PIT Act (i.e. bonds issued by BGK and offered on foreign markets, dedicated for the financing of the statutory objectives of BGK pertaining to the support of the economic policies of the Council of Ministers, implementation of government socio-economic programmes and programmes related to local government and regional development) and (if applicable) the Guarantee of the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Poland or elsewhere. The tax laws of the investor's state and of the Issuer's state of incorporation might have an impact on the income received from the securities. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes or (if applicable) the Guarantee of 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 Offering Circular and is subject to any change in law that may take effect after such date, including a change with retroactive 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. The information provided below does not cover tax consequences resulting from tax exemptions applicable to specific taxable items or specific taxpayers (e.g., domestic or foreign investment funds).

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

Poland

Non-Polish tax residents – individuals

Under Article 3(2a) of the Personal Income Tax Act dated July 26, 1991 (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). In accordance with Article 8(1) of the PIT Act, income from participation in a company that is not a legal person, from joint ownership, joint venture, joint possession or joint use of property or property rights in each taxpayer shall be determined in proportion to his right to share in the profit (share) and, subject to paragraph 1a, shall be combined with other income from sources from which income is subject to taxation according to the scale referred to in Article 27(1) of the PIT Act. In the absence of evidence to the contrary, it shall be assumed that the rights to share in the profit (share) are equal.

Pursuant to Article 3(2b) of the PIT Act, income (revenue) earned in the territory of the Republic of Poland 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) 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) the cancellation, repurchase, redemption, or any other annihilation of participation units in capital funds established in accordance with the provisions in force in the Republic of Poland and the disposal of these participation units against consideration;
- (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 organizational 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; 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, Article 21(1)(130b) of the PIT Act stipulates that interest or discount on bonds issued by BGK and offered on foreign markets, dedicated for the financing of the statutory objectives of BGK pertaining to the support of the economic policies of the Council of Ministers, implementation of government socio-economic programmes and programmes related to local government and regional development, as well as income from the sale of such bonds received by individuals who are not tax resident in 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, referred to above (Article 21(1)(130b) of the PIT Act) has not been amended. Therefore, it is reasonable to assume that the exemption under Article 21(1)(130b) of the PIT Act does not cover income from redemption of the Notes by the issuer.

Although no Polish withholding tax is expected on interest 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 taxpayer to apply the exemption referred to in Article 21(1)(130b) of the PIT 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 taxpayer which is a tax beneficiary of the payment as defined by the Polish tax regulations and to apply a tax exemption, e.g. a certificate of tax residency from the non-resident taxpayer. A certificate of tax residency means a certificate of the place of the taxpayer's registered office (domicile) for tax purposes issued by a competent tax administration authority in the state where the taxpayer's registered office (domicile) is located (Article 5a(21) of the PIT Act). Lack of documentation might result in the withholding tax having to be collected by the entity obliged to remit the tax also in situations where a tax exemption should apply (because the tax remitter will not be able to confirm that the exemption should apply).

However, if a non-Polish tax resident performs any business activities in Poland and the Notes and/or any income from such Notes are related to that Polish activity, the non-Polish tax resident could be required to report his/her income from the Notes in Poland. In addition, although the above exemptions would generally

still apply, it cannot be excluded that any income due to foreign exchange differences might be subject to Polish taxation. You should consult your tax advisor about your particular situation.

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, 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 Article 23m (1)(5) of the PIT Act, between the tax remitter and the taxpayer should be taken into account (i.e., whether the tax remitter is related with the non-Polish tax resident under Polish transfer pricing regulations). 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 41(4) of the PIT Act, a 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. However, under Article 41(4d) of the PIT Act, the entities operating securities accounts for the individuals, acting as tax remitters, should withhold the tax on this interest income and income from the issuer's redemption of bonds on which periodic benefits are due if such income has been earned in the territory of Poland and is connected with registered securities, and the 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 Corporate Income Tax Act dated February 15, 1992 (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 his/her 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.

Specific withholding tax consequences may relate to payments to omnibus accounts within the meaning of the provisions of the Act on Trading in Financial Instruments dated July 29, 2005 (hereinafter, the "**Omnibus Accounts**"). Pursuant to Article 30a(2a) of the PIT Act, with respect to income (revenue) from interest 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 Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax should be 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 41(10) of the PIT Act, the tax remitters for securities registered in Omnibus Accounts are 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 Polish permanent establishment, e.g., foreign investment firms, should not be obliged to withhold the tax.

Pursuant to Article 41(4da) of the PIT Act, in the circumstances referred to in Articles 41(4d) (generally entities operating securities accounts for the individuals, acting as tax remitters) and 41(10) (generally entities operating omnibus accounts, acting as tax remitters), 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) (related parties — please see definition below) and that the amount referred to in section 12 (generally, PLN 2 million) 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 (generally

entities operating securities accounts for the individuals, acting as tax remitters) and 10 (generally entities operating omnibus accounts, acting as tax remitters), the excess amount (generally, above PLN 2 million) and the existence of the relationship 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).

According to Article 21(1)(130c) of the PIT Act, exempted from Polish corporate income tax is: income realised by a taxpayer referred to in Article 3(2a) of the PIT Act from interest or discount on bonds:

- with a maturity of not less than one year,
- admitted to trading on a regulated market or introduced into an alternative trading system within the meaning of the Act on Trading in Financial Instruments of 29 July 2005 (the “**Act on Trading in Financial Instruments**”), in the territory of the Republic of Poland or in the territory of a state which is a party to a double taxation treaty concluded with the Republic of Poland whose regulations define the principles of taxation of income from dividends, interest and royalties

- unless, at the time when the income is earned, the taxpayer is related party, within the meaning of Article 23m(1)(4) of the PIT Act or within the meaning of Article 11a(1)(4) of the CIT Act (related parties — please see definition below), to the issuer of those bonds and holds, directly or indirectly, jointly with other related entities as defined in those provisions, more than 10 per cent. of the nominal value of those bonds.

In accordance with Article 41(24) of the PIT Act, tax remitters shall not be obliged to collect tax on interest or discount, including in the case referred to in paragraph 12 (in principle it relates to rules regarding payments exceeding 2 million PLN, please see section *Special provisions on withholding tax on large payments to non-Polish tax residents being related entities* below), on:

- mortgage bonds;
- bonds:
 - (a) with a maturity of not less than one year,
 - (b) admitted to trading on a regulated market or introduced to an alternative trading system within the meaning of the provisions of the Act on Trading in Financial Instruments, in the territory of the Republic of Poland or in the territory of a state which is a party to a double taxation treaty concluded with the Republic of Poland, whose provisions define the principles of taxation of income from dividends, interest and royalties

- excluding the tax remitter referred to in paragraphs 4d and 10 in respect of income (revenue) obtained by a taxpayer referred to in Article 3(1) of the PIT Act.

Under Article 41(24a) of the PIT Act, no tax shall be withheld in the case referred to in sub-paragraph 24(2) on condition that the issuer submits to the tax authority referred to in Article 44f(15) of the PIT Act a statement that the issuer exercised due diligence in notifying related parties to it within the meaning of Article 11a(1)(4) of the CIT Act or within the meaning of Article 23m(1)(4) of the PIT Act (related parties — please see definition below), except for entities whose relations arise exclusively from a relationship with the State Treasury or local government units or their associations, about the conditions of the exemption referred to in Article 21(1)(130c) of the PIT Act with respect to those related parties. The first sentence shall not apply to the State Treasury being an issuer of bonds.

With respect to income from the issuer's redemption of bonds on which periodic benefits are due obtained by the natural persons subject to taxation only on the income (revenue) (limited tax liability), the below rules governing the taxation of “*Polish tax residents – individuals - Interest income and income from the issuer's redemption of bonds on which periodic benefits are due*” should be applied accordingly.

These rules should be applied without prejudice to double tax conventions signed by the Republic of Poland (Article 4a of the PIT Act). However, the tax rate set out in the relevant convention can only apply, or such

payment can only be avoided (if permitted under the convention), if the taxpayer proves his/her tax residency by presenting an appropriate tax residency certificate (Article 30a(2) of the PIT Act).

The tax remitter is required to act with due diligence in verifying the conditions for application of a lower tax rate or exemption or refraining from withholding the tax under provisions of the tax law. When assessing whether due diligence has been exercised, the nature, the scale of the tax remitter's activity and the relationship within the meaning of Article 23m (1)(5) of the PIT Act between the tax remitter and the taxpayer shall be taken into account (Article 41(4aa) of the PIT Act). Moreover, the PIT Act sets out certain limitations to applying tax rate, exemption or refraining from withholding the tax under special provisions of law or double tax conventions for natural persons subject to limited tax liability in Poland (i.e., without tax residency in Poland) who are related parties (see: "Special provisions on withholding tax on large payments to non-Polish tax residents being related entities" below).

By the end of February of the year following the relevant fiscal year the tax remitter is required to send to the taxpayer, and to the tax office responsible for handling the taxation of foreign persons in discharging his duties, personalized information on an appropriate form (Article 42(2)(2) of the PIT Act). If the tax remitter discontinues its business before the lapse of this deadline for submission of the personalized information, the tax remitter should submit that information on or before the date of discontinuation of its business (Article 42(3) of the PIT Act). Additionally, at the written request of the taxpayer, the tax remitter should prepare, within 14 days from receiving such a request, and send the personalized information referred to above to the taxpayer and to the tax office responsible for handling the taxation of foreign persons in discharging his duties (Article 42(4) of the PIT Act).

If income (revenue) is remitted to taxpayers whose rights thereto derive from securities recorded on collective accounts and their identity was not disclosed to the remitter pursuant to the procedure set out in the Act on Trading in Financial Instruments, the tax remitter is not obliged to make or remit personalized information on the amount of income with respect to such taxpayers (Article 42(8) of the PIT Act).

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:

- all types of activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;
- 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;
- 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;
- 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;
- 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);

- 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
- unrealised gains as referred to in the exit tax regulations.

Since the issuer is a Polish entity, income from the Notes should be considered as earned in Poland.

According to Article 21(1) of the CIT Act, income tax on revenue received within the territory of the Republic of Poland by taxpayers as referred to in Article 3(2) (non-Polish tax residents) from, in particular: interest; certain royalties, services within market research, legal, advertising, data processing, management and control and advising and other similar services shall be 20 per cent. of the revenue.

However, under Article 17(1)(50b) of the CIT Act, interest or discount on bonds issued by BGK and offered on foreign markets, dedicated for the financing of the statutory objectives of BGK pertaining to the support of the economic policies of the Council of Ministers, implementation of government socio-economic programmes and programmes related to local government and regional development, as well as income from the sale of such bonds received by entities which do not have their seat and which do not have their management office in Poland are exempt from Polish corporate income tax.

Although no Polish withholding tax is expected on interest 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 taxpayer to apply the exemption referred to in Article 17(1)(50b) 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 taxpayer which is a tax beneficiary of the payment as defined by the Polish tax regulations and to apply a tax exemption, e.g. a certificate of tax residency from the non-resident taxpayer or a statement about being the beneficial owner of the interest received. A certificate of tax residency means a certificate of the place of the taxpayer's registered office (domicile) for tax purposes issued by a competent tax administration authority in the state where the taxpayer's registered office (domicile) is located (Article 4a(12) of the CIT Act). Lack of documentation might result in the withholding tax having to be collected by the entity obliged to remit the tax.

According to Article 26(1) of the CIT Act, legal persons, organizational units having no legal personality and natural persons being entrepreneurs that make disbursements of amounts due on the grounds specified in Article 21(1) of the CIT Act are obliged, as tax remitters, to collect, the lump-sum withholding tax on the said disbursements.

According to Article 26(1) of the CIT Act, when verifying the conditions for the application of a reduced withholding tax rate (other than 20 per cent. relevant for any payments provided for in Article 21(1) of the CIT Act) or for an exemption, or conditions for the non-collection of a withholding tax, arising from special provisions or double taxation conventions, 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 (related parties — please see definition below), between the tax remitter and the taxpayer should be taken into account (i.e. whether the tax remitter is related with the non-Polish tax resident under Polish transfer pricing regulations). 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. If withholding tax is withheld for a non-Polish tax resident, to receive a refund of such tax the taxpayer should contact its tax adviser.

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 (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 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.

Pursuant to Article 26(2ca) of the CIT Act, in the circumstances referred to in Article 26(2c) (generally entities operating securities accounts or omnibus accounts), 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) (related parties — please see definition below) and that the amount referred to in section 2e (generally PLN 2 million) 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 (generally entities operating securities accounts or omnibus accounts), the excess amount and the existence of the relations referred to in section 2e (generally PLN 2 million) 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).

According to Article 26(1m) of the CIT Act, where the entities referred to in Article 26(1) of the CIT Act pay receivables from the sources listed in Article 7b(1)(3) to (6) of the CIT Act (including revenues from securities) for the benefit of an entity having its registered office or management in a territory or state listed in regulations issued pursuant to Article 11j(2) (i.e. so called list of states and territories that apply harmful tax competition), they are obliged to collect lump-sum income tax in the amount of 19 per cent. of the amount of the payment made. The provision of paragraph Article 26(1) of the CIT Act should apply accordingly.

According to Article 17(1)(50c) of the CIT Act, exempted from Polish corporate income tax is: income realised by a taxpayer referred to in Article 3(2) of the CIT Act from interest or discount on bonds:

- (a) with a maturity of not less than one year,
- (b) admitted to trading on a regulated market or introduced into an alternative trading system within the meaning of the Act on Trading in Financial Instruments, in the territory of the Republic of Poland or in the territory of a state which is a party to a double taxation treaty concluded with the Republic of Poland whose regulations define the principles of taxation of income from dividends, interest and royalties

- unless, at the time when the income is earned, the taxpayer is related party, within the meaning of Article 11a(1)(4) of the CIT Act or within the meaning of Article 23m(1)(4) of the PIT Act (related parties — please see definition below), to the issuer of those bonds and holds, directly or indirectly, jointly with other related entities as defined in those provisions, more than 10 per cent. of the nominal value of those bonds.

In accordance with Article 26(1aa) of the CIT Act, tax remitters shall not be obliged to collect tax on interest or discount, including in the case referred to in paragraph 2e, on:

- 1) mortgage bonds;
- 2) bonds:

- (a) with a maturity of not less than one year,
- (b) admitted to trading on a regulated market or introduced to an alternative trading system within the meaning of the provisions of the Act on Trading in Financial Instruments, in the territory of the Republic of Poland or in the territory of a state which is a party to a double taxation treaty concluded with the Republic of Poland, whose provisions define the principles of taxation of income from dividends, interest and royalties.

Under Article 26(1ae) of the CIT Act, no tax shall be withheld in the case referred to in sub-paragraph 1aa(2) on condition that the issuer submits to the tax authority referred to in Article 28b(15) of the CIT Act a statement that the issuer exercised due diligence in notifying related parties to it within the meaning of Article 11a(1)(4) of the CIT Act or within the meaning of Article 23m(1)(4) of the PIT Act (related parties — please see definition below), except for entities whose relations arise exclusively from a relationship with the State Treasury or local government units or their associations, about the conditions of the exemption referred to in Article 17(1)(50c) of the CIT Act with respect to those related parties. The first sentence shall not apply to the State Treasury being an issuer of bonds.

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 (centre of vital interests) in Poland and/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.

Polish tax residents – individuals - Interest income and income from the issuer's redemption of bonds on which periodic benefits are due

Under Article 30a(1)(2) of the PIT Act and accordingly under Article 30(1)(2a) of the PIT Act interest income (with the exception of interest representing income from the bond issuer's redemption of the bonds referred to in Article 30a(1)(2a) of the PIT Act) 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.

Income from the issuer's redemption of bonds, as referred to in Article 30a(1)(2a) of the PIT Act, shall be the difference between the amount obtained from the redemption of the bonds together with the benefits obtained for the last period before the redemption of such bonds and the expenses incurred for the acquisition or purchase of such bonds on the primary or secondary market by the taxpayer or the taxpayer's testator, but the amounts of interest paid by the taxpayer or his testator at the acquisition or purchase of the bonds shall not constitute expenses for the acquisition or purchase of the bonds, to the extent that such interest is not subject to tax or is exempt from tax (Article 24(24) of the PIT Act).

Pursuant to Article 30a(4) of the PIT Act, if it is not possible to identify the securities, in determining the discount or income from redemption by the issuer of bonds referred to in Article 30a(1)(2a) of the PIT Act, it shall be assumed that in each case the income was earned from the securities acquired earliest (FIFO). This provision shall apply separately to each investment account.

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) and (2a) of the PIT Act they are subject to tax at a flat rate of 19 per cent.

Under Article 41(4) of the PIT Act, a 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. However, under Article 41(4d) of the PIT Act, the entities operating securities accounts for the individuals, acting as tax remitters, should withhold the tax on this interest

income and income from the issuer's redemption of bonds on which periodic benefits are due if such income (revenue) has been earned in the territory of Poland and is connected with securities registered in the said accounts, and the 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 (i.e., non-residents) 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 his/her 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 in Omnibus Accounts. Pursuant to Article 30a(2a) of the PIT Act, with respect to income (revenue) from interest 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 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 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 (i.e., non-residents) 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.

Pursuant to Article 41(4da) of the PIT Act, in the circumstances referred to in Articles 41(4d) (generally entities operating securities accounts for the individuals, acting as tax remitters) and (10) (generally entities operating omnibus accounts, acting as tax remitters), 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) (related parties — please see definition below) and that the amount referred to in section 12 (generally, PLN 2 million) 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 (generally entities operating securities accounts for the individuals, acting as tax remitters) and 10 (generally entities operating omnibus accounts, acting as tax remitters), the excess amount (generally, above PLN 2 million) and the existence of the relationship 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).

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.

In principle, if individuals hold Notes as a business asset, the income should be taxed according to separate rules. In particular, it could be either 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 – individuals - 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 against a 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 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 himself/herself is obliged to settle the tax on the transfer of securities (including Notes) against a consideration. Taxpayers should prepare their annual tax return by the end of April of the year following the tax year in which the income was earned.

In principle, if individuals hold Notes as a business asset, the income should be taxed according to separate rules. In particular, it could be either 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.

Notes held as business assets

If an individual holds the Notes as business assets, in principle, interest (discount) and income from transfer of Notes against a consideration should be subject to tax in the same way as other business income. The tax, at 19 per cent. flat rate or the 12 per cent. to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions, should be settled by the individuals themselves. In addition, separate rules regarding social security contributions may be applicable.

Individuals holding Notes as a business asset should consult their tax advisors for detailed information.

Polish tax residents – corporate taxpayers

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 organized and continuous manner on the basis of, in particular:

- (1) a contract, decision, court order, or other document governing the establishment or operation of that taxpayer; and/or
- (2) powers of attorney granted; and/or
- (3) relationships within the meaning of Article 11a(1)(5) of the CIT Act (related parties — please see definition below).

Income (revenue) from the Notes, both on account of interest/discount and other income, including transfer of securities against a consideration, earned by a Polish tax resident corporate income taxpayer, 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 against a 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(1) 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. for a regular corporate income taxpayer, in case the revenue is included in revenues other than revenues from capital gains, 9 per cent. for small taxpayers.

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) (generally entities operating securities accounts or omnibus accounts), 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) (related parties — please see definition below) and that the amount referred to in section 2e (generally PLN 2 million) 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 (generally entities operating securities accounts or omnibus accounts), the excess amount (generally above PLN 2 million) 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).

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 consecutive tax years, in an amount not exceeding 50 per cent. of the loss in any of those years. A taxpayer may also deduct from the tax base once over the next five consecutive tax years up to PLN 5 million of the loss incurred (in an amount however not exceeding 50

per cent. of the loss in any of those years). In principle, the income (revenue) from the Notes, including their transfer against a 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 against a consideration is included in revenues other than revenues from capital gains (Article 7b(2) of the CIT Act).

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

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) exceeds PLN.

2 million 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) (20 per cent. in the case of interest/discount on notes) or Article 22(1) on any amount exceeding the PLN 2 million 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) 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 million and the number of months that have begun in the tax year in which the payment was made; if the calculation of that amount is not possible by reference to the payer’s tax year, the 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.

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:

- 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;
- is not an intermediary, representative, trustee or other entity obliged to transfer the amount due, or any part thereof, to another entity; and

- 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 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. When recognising that the refund is justified, the tax authorities shall carry it out within six months.

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, organizational 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 omnibus 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 omnibus 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:

- 1) a taxpayer's failure to comply with the conditions set out in Article 21 and/or Article 22 of the CIT Act or the conditions for the application of a double taxation treaty;
- 2) 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 beneficial owner of the receivables;
- 3) the existence of a reasonable presumption that a decision has been issued pursuant to Article 119a of the Tax Ordinance (the so-called general anti-abuse clause), with the use of measures restricting contractual advantages or pursuant to Article 22c of the CIT Act; and

- 4) 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.

Pursuant to the Regulation of the Minister of Finance dated 28 December 2022 regarding the exclusion of the obligation to withhold flat-rate corporate income tax (the "**Regulation**"), the application of the Obligation to Withhold Tax is excluded in relation to interest/discount on bonds issued by BGK, dedicated for the financing of the statutory objectives of BGK pertaining to the support of the economic policies of the Council of Ministers, implementation of government socio economic programmes and programmes related to local government and regional development, which are received by taxpayers who do not have their seat or management board within the territory of the Republic of Poland. This rule may be however applied only if conditions for non-remittance of the tax, application of tax rate or exemption resulting from specific tax provisions or double tax treaties are fulfilled. Moreover, according to the Regulation the Obligation to Withhold Tax is excluded in the period from 1 January 2023 until 31 December 2024 in the cases referred to in Article 26(2c) of the CIT Act.

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. While the Regulation of the Minister of Finance dated December 28, 2022 regarding the exclusion of the obligation to withhold flat-rate personal income tax is the equivalent of the Regulation described above.

Related parties

Under Article 11a(1)(5) of the CIT Act (and analogically in accordance with Article 23m(5) of the PIT Act) "links" shall mean the relationships referred to in subparagraph Article 11a(1)(4) of the CIT Act (and analogically in accordance with Article 23m(1)(4) of the PIT Act), existing among related entities.

In accordance with Article 11a(1)(4) of the CIT Act (and analogically in accordance with Article 23m(1)(4) of the PIT Act), related entities shall mean:

- entities of which one entity exercises a significant influence on at least one other entity or
- entities on which a significant influence is exercised by:
 - the same other entity or
 - the spouse or a relative by consanguinity or affinity up to the second degree of a natural person exercising a significant influence on at least one entity, or
- a partnership without legal personality and its shareholder, or
- a partnership referred to in Article 1(3)(1) of the CIT Act and its general partner, or
- a partnership referred to in Article 1(3)(1a) of the CIT Act and its shareholder, or
- a taxable person and their foreign establishment, and in the case of a tax capital group – a company being its part and its foreign establishment.

Under Article 11a(1)(5) of the CIT Act (and analogically in accordance with Article 23m(5) of the PIT Act) “links” shall mean the relations referred to in subparagraph Article 11a(1)(4) of the CIT Act (and analogically in accordance with Article 23m(1)(4) of the PIT Act), existing among related entities.

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 million 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 disposal of notes for a 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(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(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.

Individuals holding Notes as a business asset should consult their tax advisors for detailed information.

Tax remitter’s liability

Under Article 30 (1) of the Tax Ordinance dated August 29, 1997 (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 with 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 through the taxpayer’s fault, save for particular cases set out in of Article 30(5a-5c) of the Tax Ordinance. In particular, in accordance with Article 30(5c), in the cases referred to in Article 41(24a)(2) of the PIT Act and Article 26(1aa)(2) of the CIT Act, if the statement made by the issuer referred to in Article 41(24a) of the PIT Act and Article 26(1ae) of the CIT Act is not true, the liability for the uncollected tax shall be borne by the issuer.

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, 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 Article 119a(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 Article 199a(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. In such a 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, the exemplary list of considerations used for determination, whether an arrangement is artificial has been extended. The following considerations should be taken into account:

- (i) an unjustified division of operations;
- (ii) the use of intermediaries despite a lack of economic or commercial grounds for their presence;
- (iii) the state of affairs following the arrangements is identical or similar to the state existing before the activity was undertaken;
- (iv) the state of affairs cancel out or compensate each other;
- (v) commercial risk exceeding expected other than tax benefits to such extent that a reasonable party would not choose acting in such manner;
- (vi) obtained tax benefit is not reflected in commercial risk or cash flows incurred by a party;
- (vii) profit before taxation, which is slight in comparison to a tax benefit, which does not result directly from actually borne economic loss; and
- (viii) 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.

United States Federal Income Taxation

The below discussion only applies to Registered Notes issued pursuant to Rule 144A. Bearer Notes are not being offered to U.S. persons. A U.S. person who owns a Bearer Note will be subject to adverse consequences under U.S. federal income tax law, including disallowance of losses and treatment of gain as ordinary income. This summary does not otherwise address Bearer Notes.

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership, and disposition of the Notes by a U.S. Holder (as defined below) (except that the discussion under “Further Issues” below applies to all holders). This summary does not address the U.S. federal income tax consequences to holders who are not U.S. Holders or of every type of Note which may be issued under the Programme, and the applicable Final Terms will contain additional or modified disclosure concerning certain U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary only applies to Notes held as capital assets and does not address aspects of U.S. federal income taxation that may be applicable to U.S. Holders that are subject to special tax rules, such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax exempt organizations, dealers or traders in securities or currencies, U.S. Holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons required to accelerate the recognition of any item of income with respect to the Notes as a result of such income being recognized on applicable financial statements, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, entities or arrangements treated as partnerships or pass-through entities for U.S. federal income tax purposes or investors therein, or investors that have a functional currency other than the U.S. dollar. Further, this summary deals only with Notes with a term of 30 years or less. Moreover, this summary does not address the consequences of U.S. federal estate and gift tax, state, local, or non-U.S. tax laws, the Medicare tax on net investment income or the alternative minimum tax consequences of the acquisition, ownership or

retirement of Notes and, does not address the U.S. federal income tax treatment to U.S. Holders that do not acquire Notes as part of the initial distribution at their initial offering price (as described below under “*Original Issue Discount*”).

This summary is based on the Code, existing and proposed U.S. Treasury regulations, administrative pronouncements and judicial decisions, each as of the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations, which could affect the tax consequences described herein.

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to the consequences of acquiring, owning or disposing of Notes.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

Interest on a Note, including any additional amounts, whether payable in U.S. dollars or a single currency other than U.S. dollars (a “**foreign currency**”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “*Original Issue Discount — General*”), but excluding any amount attributable to pre-issuance accrued interest, generally will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder’s method of accounting for U.S. federal income tax purposes. Notwithstanding the foregoing, interest that is payable on a Note with a maturity of one year or less from its issue date after taking into account the last possible date that the Note could be outstanding under the terms of the Note (a “**Short-Term Note**”) is included in a U.S. Holder’s income under the rules described below under “*Short-Term Notes*”. Interest paid by the Issuer on the Notes and original issue discount (“**OID**”), if any, accrued with respect to the Notes (as described below under “*Original Issue Discount*”) generally will constitute income from sources outside the United States and generally will be treated as “passive category income” for U.S. foreign tax credit purposes. Any Polish withholding tax paid in respect of a payment of interest to a U.S. Holder on the Notes may be eligible for a foreign tax credit (or a deduction in lieu of such credit) for U.S. federal income tax purposes. However, there are significant complex limitations on a U.S. Holder’s ability to claim such a credit or deduction. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of Polish taxes withheld with respect to the Notes generally and in their particular circumstances.

Original Issue Discount

General

The following is a summary of certain U.S. federal income tax consequences of the ownership of Notes issued with OID.

A Note will be treated as issued with OID (a “**Discount Note**”) if the excess of the Note’s “stated redemption price at maturity” over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note’s

stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the product of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the Series of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A qualified stated interest payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable at least annually during the entire term of the Note at a single fixed rate (with certain exceptions for certain first or final interest payments), or a variable rate (in the circumstances described below under "*Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining for U.S. federal income tax purposes whether a Note has OID and the yield and maturity of a Note, the Issuer may, under certain circumstances, be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder may, under certain circumstances, be deemed to exercise any put option that has the effect of increasing the yield on the Note. If it was deemed that any call or put option would be exercised but was not in fact exercised, the Note would be treated solely for the purpose of calculating OID as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. Notice may be given in the applicable Final Terms when the Issuer determines that a particular Note will be a Discount Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year in which the U.S. Holder owns the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the amount of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "acquisition premium") and that does not make the election described below under "*Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Variable Interest Rate Notes

Notes that provide for interest at variable rates (“**Variable Interest Rate Notes**”) generally will bear interest at a “qualified floating rate” (as defined below) and thus will be treated as “variable rate debt instruments” under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A “qualified floating rate” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate, but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An “objective rate” is a rate that is not itself a qualified floating rate, but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so, designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective

rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) equal to or in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be calculated such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. Special rules apply to “contingent payment debt instruments” under applicable U.S. Treasury regulations, and this summary does not discuss those rules. In the event the Issuer issues contingent payment debt instruments, the applicable Final Terms may describe the material U.S. federal income tax consequences thereof.

Amortizable Bond Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortizable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note’s yield to maturity) to that year. Any amounts attributable to pre-issuance accrued interest are ignored in determining the “amortizable bond premium”. Special rules may limit the amortization of bond premium with respect to Notes subject to early redemption. Any election to amortize bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S.

Holder, and is irrevocable without the consent of the IRS. See also “*Election to Treat All Interest as Original Issue Discount*”. A U.S. Holder who elects to amortize bond premium must reduce its tax basis in the Note by the amount of the premium amortized in any year. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the gain or increase the loss otherwise recognized on disposition of the Note.

Market Discount

If a U.S. Holder of a Note purchases the Note at a price that is lower than stated redemption price at maturity (i.e., the total of all future payments to be made on the Note other than payments of qualified stated interest) (or in the case of a Discount Note, its adjusted issue price) by at least 0.25 percent of its stated redemption price at maturity or adjusted issue price, respectively, multiplied by the number of remaining whole years to maturity (or, in the case of a Note that is an installment obligation, the Note’s weighted average remaining maturity), the Note will be considered to have “market discount” in the hands of such U.S. Holder. In such case, gain realised by the U.S. Holder on the disposition of the Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by the U.S. Holder. In addition, the U.S. Holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note. In general terms, market discount on a Note will be treated as accruing rateably over the term of the Note, or, at the election of the U.S. Holder, under a constant-yield method, and such election applies only to such Note with respect to which it is made and is irrevocable.

A U.S. Holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realised on a sale of a Note as ordinary income. If a U.S. Holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any such election, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

Short-Term Notes

A Short-Term Note will be treated as issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest. U.S. Holders that report income for federal income tax purposes on an accrual method are required to include OID in income on such Short-Term Note on a straight-line basis, unless an election is made to accrue the OID according to a constant yield method based on daily compounding.

Other U.S. Holders of a Short-Term Note are generally not required to accrue OID for federal income tax purposes, unless they elect to do so, with the consequence that the reporting of such income is deferred until it is received. In the case of a U.S. Holder that is not required, and does not elect, to include OID in income currently, any gain realised on the sale, exchange or retirement of a Short-Term Note is ordinary income to the extent of the OID accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, U.S. Holders that are not required, and do not elect, to include OID in income currently are required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry a Short-Term Note in an amount not exceeding the deferred interest income with respect to such Short-Term Note (which includes both the accrued OID and accrued interest that are payable but that have not been included in gross income), until such deferred interest income is realised. A U.S. Holder’s tax basis in a Short-Term Note is increased by the amount included in such holder’s income on such a Note.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “*Original Issue Discount — General*”, with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, and unstated interest, as adjusted by any amortizable bond premium (described above under “*Amortizable Bond Premium*”). A U.S. Holder’s tax basis in a Note will be increased such amounts accrued under the constant yield election described in this paragraph. This election will generally apply only to the Note with respect to which it is made and may not be

revoked without the consent of the IRS. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Sale, Exchange or Retirement of Notes

A U.S. Holder will generally recognize gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its cost, increased by the amount of any OID (including any amounts treated as OID as described above under "*Election to Treat All Interest as Original Issue Discount*") or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount and reduced by (i) the amount of any payments that are not qualified stated interest payments, (ii) any amounts paid on the Notes that are attributable to pre-issuance accrued interest, and (iii) the amount of any amortizable bond premium applied to reduce interest on the Note. The amount realized does not include the amount attributable to accrued but unpaid qualified stated interest (and any additional amounts paid with respect thereto), which will be taxable as interest income to the extent not previously included in income. Except to the extent attributable to changes in exchange rates (as discussed below) and market discount, gain or loss recognized on the sale, exchange or retirement of a Note will generally be U.S. source capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the sale, exchange, or retirement. In the case of an individual U.S. Holder, any such gain may be eligible for preferential U.S. federal income tax rates if the U.S. Holder satisfies certain prescribed minimum holding periods. The deductibility of capital losses is subject to limitations. U.S. Holders will likely not be able to obtain a U.S. foreign tax credit for Polish taxes (if any) imposed on any gain recognized on the sale, exchange or retirement of a Note in most circumstances. The rules governing foreign tax credits are very complex and the creditability of non-U.S. taxes is subject to significant limitations. U.S. Holders should consult their tax advisers regarding the creditability or deductibility of non-U.S. taxes (if any) imposed on the gain recognized on the sale, exchange or retirement of a Note and the impact of any such non-U.S. taxes on the determination of the amount realized in their particular circumstances.

Foreign Currency Notes

The following summary describes certain special rules applicable to a U.S. Holder of a Note that is denominated in a single currency other than the U.S. dollar or the payments of interest or principal which are payable in a single currency other than the U.S. dollar (a "**Foreign Currency Note**"). However, the U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of Notes that are denominated in more than one currency or the payments of interest or principal on which are payable in more than one currency are not discussed herein and may be discussed in the applicable Final Terms.

Interest

If an interest payment (other than OID) is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment (including OID and reduced by amortizable bond premium to the extent applicable) denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, an accrual basis U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest

into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale, exchange or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars. Amounts attributable to pre-issuance accrued interest will generally not be includable in income, except to the extent of foreign currency gain or loss attributable to any changes in exchange rates during the period between the date the U.S. Holder acquired the Note and the first Interest Payment Date. This foreign currency gain or loss will be treated as U.S. source ordinary income or loss and generally will not be treated as an adjustment to interest income received on the Note.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale, exchange or retirement of the Note), a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt or on the date of disposition of the Note, as the case may be) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognize a capital loss when the Note matures.

Market Discount

Market discount on a Foreign Currency Note will be accrued by a U.S. Holder in the specified currency. The amount includible in income by a U.S. Holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the Note is disposed of by the U.S. Holder. Any accrued market discount on a Foreign Currency Note that is currently includible in income will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. holder's taxable year). A U.S. Holder that does not elect to include market discount in income currently will recognize, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Sale, Exchange or Retirement of Foreign Currency Notes

As discussed above under “*Sale, Exchange or Retirement of Notes*”, a U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale, exchange, retirement or other taxable disposition and its adjusted tax basis in the Note. A U.S. Holder's initial tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note.

The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price translated at the spot rate on the date of purchase. In the case of Notes considered to be traded on an established securities market under the applicable U.S. Treasury Regulations, a cash-basis U.S. Holder and an accrual-basis U.S. Holder that so elects will determine the U.S. dollar cost of such Notes by translating the foreign currency purchase price at the spot rate of exchange on the settlement date of the purchase.

The amount realised on a sale, exchange, retirement or other taxable disposition for an amount in foreign currency will generally be the U.S. dollar value of such foreign currency amount translated at the spot rate on the date of the disposition. In the case of Notes considered to be traded on an established securities market under the applicable U.S. Treasury Regulations, a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), will determine the amount realised on the disposition by translating such foreign currency amount at the spot rate of exchange on the settlement date of the disposition. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognize exchange rate gain or loss (taxable as ordinary income or loss) on the sale, exchange, retirement or other taxable disposition of a Note equal to the difference, if any, between the U.S. dollar value of the U.S. Holder's purchase price (excluding any bond premium previously amortized) for the Note (i) on the date of the disposition and (ii) on the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the disposition (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest (including OID)). The source of the foreign currency gain or loss realised by a U.S. Holder will be U.S.-source ordinary income or loss. Any gain or loss realised by these holders in excess of the foreign currency gain or loss will be capital gain or loss (except in the case of a Short-Term Note, to the extent of any discount not previously included in the holder's income), and will be treated in the manner described above in "*Sale, Exchange or Retirement of Notes*". If a U.S. Holder recognizes a loss upon a sale or other disposition of a Foreign Currency Note and such loss is above certain thresholds, then such holder may be required to file a disclosure statement with the IRS. U.S. Holders should consult their tax advisers regarding this reporting obligation, as discussed under "*Reportable Transactions*" below.

Any gain or loss realised by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase Foreign Currency Notes) will be U.S.-source ordinary income or loss.

Other Notes

A description of the principal U.S. federal income tax considerations relevant to U.S. Holders of any other type of Note that the Issuer may issue under the Programme may be set forth, if required, in the applicable Final Terms.

Further Issues

The Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Backup Withholding and Information Reporting

In general, payments of interest and accruals of OID on, and the proceeds of a sale, exchange or retirement of, the Notes, by a U.S. or U.S.-connected paying agent or other U.S. or U.S.-connected intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable U.S. Treasury regulations. Backup withholding will apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with all applicable certification requirements. Certain U.S. Holders are not subject to backup

withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisers regarding any reporting obligations they have as a result of their acquisition, ownership or disposition of the Notes. Failure to comply with these reporting or filing obligations could result in the imposition of substantial penalties.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. Similar rules would apply to the disposition of foreign currency (including its exchange to U.S. dollars or its use to purchase Foreign Currency Notes). A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Foreign Financial Asset Reporting

U.S. taxpayers that own certain foreign financial assets, including debt of non-U.S. entities, with an aggregate value in excess of U.S.\$50,000 at the end of the taxable year or U.S.\$75,000 at any time during the taxable year (or, for certain individuals living outside of the United States and married individuals filing joint returns, certain higher thresholds) may be required to file an information report with respect to such assets with their tax returns. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). U.S. Holders should consult their tax advisers regarding the application of the rules relating to foreign financial asset reporting.

FATCA

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as "FATCA"), and subject to the proposed regulations discussed below, a "foreign financial institution" (as defined by FATCA, and including an intermediary through which Notes are held) may be required to withhold U.S. tax at a rate of 30 percent on certain "foreign passthru payments" to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after applicable final regulations defining foreign passthru payments are filed in the Federal Register generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Notes only if there is a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Under proposed regulations, any withholding on foreign passthru payments on Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Non-U.S. governments (including the Republic of Poland) have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their tax advisers on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banco Santander, S.A., Bank Pekao S.A., BNP Paribas, Citigroup Global Markets Europe AG, Commerzbank Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, HSBC Continental Europe, ING Bank N.V., J.P. Morgan SE and Société Générale (together the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed for by, Dealers are set out in the Dealer Agreement and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed for by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer 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. The Dealers will be entitled in certain circumstances to be released and discharged from their obligations under the Dealer Agreement prior to the closing of an issue of Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the relevant Issue Date. In this situation, such issuance of Notes may not be completed. Investors will have no rights against the Issuer, the Guarantor or any Dealer in respect of any expense incurred or loss suffered in these circumstances.

United States of America

Guaranteed Notes

The following provisions apply to Guaranteed Notes only.

The Notes and the Guarantee of the Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes and the Guarantee of the Notes may not be offered or sold within the United States. Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder. The applicable Final Terms will identify whether TEFRA C or TEFRA D applies or whether TEFRA is not applicable.

The Notes and the Guarantee of the Notes are being offered and sold outside of the United States in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the Notes within the United States only to QIBs in reliance on Rule 144A.

An offer or sale of Notes and the Guarantee of the Notes from that offering within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A, or another available exemption from registration under the Securities Act.

Notes other than Guaranteed Notes

The following provisions apply to Notes other than Guaranteed Notes only.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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

thereunder. The applicable Final Terms will identify whether TEFRA C or TEFRA D applies or whether TEFRA is not applicable.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the Notes within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A, or another available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

If the Final Terms in respect of any Notes other than Guaranteed Notes includes a legend entitled “*Prohibition of Sales to EEA Retail Investors*”, each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - iii) not a qualified investor as defined in the Prospectus Regulation; and
- b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes other than Guaranteed Notes does not include a legend entitled “*Prohibition of Sales to EEA Retail Investors*”, in relation to each Member State of the EEA, each Dealer has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- b) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer and provided that, with respect to Poland, each person who has been an addressee of any offering of the Notes within a period of 12 consecutive months shall be included in this number; or

- c) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in sub-clauses (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

Prohibition of Sales to UK Retail Investors

If the Final Terms in respect of any Notes other than Guaranteed Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the EUWA; or
 - ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA; or
 - iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes other than Guaranteed Notes does not include a legend entitled “Prohibition of Sales to UK Retail Investors”, each Dealer has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

Qualified investors: at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

- c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- d) *Other exempt offers*: at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in sub-clauses (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer

and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other United Kingdom regulatory restrictions

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 Issuer;
- b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or (if the Notes are Guaranteed Notes) the Guarantor; 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.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”) and, 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, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations 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 Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted 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 Offering Circular 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.

In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section

309A(1) of the SFA), that the Notes issued under the Programme are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAAN16: Notice on Recommendations on Investment Products).

Switzerland

The offering of the Notes in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (“**FinSA**”) because the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Offering Circular does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

Each of the Dealers has represented and agreed that it will not offer, sell or deliver any Notes that are not specified in the relevant Final Terms to have the benefit of a Guarantee of the Notes or distribute copies of this Offering Circular and/or any other document relating to the Notes that are not specified in the relevant Final Terms to have the benefit of a Guarantee of the Notes in the Republic of Italy except:

- (a) to “*qualified investors*” as referred to in Article 2 of the Prospectus Regulation; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”), Article 34-ter of the CONSOB Regulation No. 11971 of 14 May 1999 (“**Intermediaries Regulation**”), as amended and the applicable Italian laws.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance the Financial Services Act, Legislative Decree No. 385 of 1 September 1993, as amended (the “**Italian Banking Act**”) and Intermediaries Regulation, all as amended from time to time; and
- (ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) 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 paragraph headed “*General*”.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. 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 Offering Circular.

TRANSFER RESTRICTIONS

Restricted Notes

Each purchaser of Restricted Notes and, in the case of Restricted Notes which are Guaranteed Notes, the Guarantee of the Notes, within the United States pursuant to Rule 144A, by accepting delivery of this Offering Circular and the Restricted Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is not an affiliate of the Issuer or acting on behalf of the Issuer, and it is (a) a QIB, (b) acquiring such Restricted Notes for its own account, or for the account of one or more QIBs, and (c) aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A.
2. (i) The Restricted Notes and, in the case of Restricted Notes which are Guaranteed Notes, the Guarantee of the Notes, have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Notes.
3. The Restricted Notes, unless the Issuer determines otherwise in accordance with applicable law, will bear a legend in or substantially in the following form:

THIS NOTE [AND THE GUARANTEE IN RESPECT HEREOF] [HAS][HAVE] NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (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, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “**QIB**”) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, (4) TO THE ISSUER OR ITS AFFILIATES OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE INSTRUMENTS.

4. It understands that the Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes and, in the case of Restricted Notes which are Guaranteed Notes, any Guarantee of the Notes, for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
5. It understands that the Restricted Notes will be represented by a Restricted Global Registered Note. Before any interest in a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Unrestricted Notes

The following provisions apply to Notes other than Guaranteed Notes only.

Each purchaser of Unrestricted Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Unrestricted Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Offering Circular and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.
2. It understands that such Unrestricted Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account, or for the account of one or more QIBs or (b) to a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
3. It understands that the Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
4. It understands that the Unrestricted Notes will be represented by an Unrestricted Global Registered Note, or as the case may be, a Global Note. Prior to the expiration of the distribution compliance period, before any interest in an Unrestricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Registered Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

GENERAL INFORMATION

Listing and admission to trading

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme described in this Offering Circular to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange.

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

Authorisations

Each of the Issuer and Guarantor 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 and the Guarantee of the Notes.

Clearing of the Notes

The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. In addition, the Issuer may make an application with respect to any Notes to be accepted for trading in book-entry form by DTC. Acceptance by DTC of Notes of each Tranche issued by the Issuer will be confirmed in the Final Terms relating thereto. The appropriate Common Code, the International Securities Identification Number, (where applicable) the Committee on Uniform Security Identification Procedure number and (where applicable) the identification number in relation to the Notes of each Series will 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.

Euroclear's address is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. Clearstream, Luxembourg's address is 42, avenue Kennedy, 1855 Luxembourg, Luxembourg. DTC's address is 55 Water Street, New York, New York 10041 USA.

Litigation

Except as disclosed in the section *Description of the Issuer – Legal proceedings* on page 176 of this Offering Circular, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer and/or the Group.

Material/Significant Change

Save as disclosed in the section "*Risk Factors*" under the risk factors titled "*Deterioration in Poland's economic conditions could affect the Group's business, financial condition and results of operations*" and "*Russian aggression in Ukraine could have a material adverse effect on the Group's business, results of operations and financial position*", there has been no material adverse change in the prospects of the Issuer and/or the Group since 31 December 2023.

Save as disclosed in the section "*Risk Factors*" under the risk factors titled "*Deterioration in Poland's economic conditions could affect the Group's business, financial condition and results of operations*" and "*Russian aggression in Ukraine could have a material adverse effect on the Group's business, results of operations and financial position*", there has been no significant change in the financial position or financial performance of the Issuer and/or the Group since 31 December 2023.

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 and the Listing Agent in Luxembourg, namely:

- a) the Guarantees of the Notes;
- b) the Agency Agreement;
- c) the Deed of Covenant;
- d) the Programme Manual (which contains the forms of the Notes in global and definitive form);
- e) the Act dated 14 March 2003 on Bank Gospodarstwa Krajowego and the Regulation of the Minister of Development dated 16 September 2016 on the Adoption of the Statute of Bank Gospodarstwa Krajowego;
- f) the resolutions of the Management Board of the Issuer authorising the issuance of each Tranche of the Notes;
- g) the resolutions of the Supervisory Board of the Issuer authorising the issuance of each Tranche of the Notes; and
- h) the Letters of Issue relating to each Tranche of the Notes for which a Letter of Issue is required by law,

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

- (A) this Offering Circular (and any supplements hereto);
- (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 Issuer and the relevant Paying Agent as to its holding of such Notes and identity;
- (C) the consolidated financial statements of the Group (together with the opinion and report of the auditor) for the three most recent financial years;
- (D) the standalone financial statements of the Issuer (together with the opinion and report of the auditor) for the three most recent financial years; and
- (E) the Prospectus accompanying the Prospectus Supplement of the State Treasury of the Republic of Poland dated 11 March 2024.

In addition, this Offering Circular, any supplements hereto and the documents specified as containing information incorporated by reference in this Offering Circular will also be available on the website of the Luxembourg Stock Exchange (www.luxse.com). The Issuer publishes reports on an annual basis which are available free of charge and without access restrictions on the Issuer's website, www.en.bgk.pl/investor-relations/annual-report. The Polish language versions of the Act dated 14 March 2003 on Bank Gospodarstwa Krajowego and the Regulation of the Minister of Development dated 16 September 2016 on the Adoption of the Statute of Bank Gospodarstwa Krajowego constituting the Issuer's up-to-date memorandum and articles of association are available free of charge and without access restrictions on the Issuer's website, www.bgk.pl/przydatne-informacje/standardy-dzialania/lad-korporacyjny/. English translations of the Act dated 14 March 2003 on Bank Gospodarstwa Krajowego and the Regulation of the Minister of Development dated 16 September 2016 on the Adoption of the Statute of Bank Gospodarstwa Krajowego constituting the Issuer's up-to-date memorandum and articles of association are available free of charge and without access restrictions on the Issuer's website, <https://www.en.bgk.pl/about-us/investor-relations/operating-standards/>.

Auditors

The Group's consolidated financial statements for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 and the Issuer's standalone financial statements for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 have been audited by Małgorzata Pek-Kocik, statutory auditor, member of the National Chamber of Statutory Auditors (*Polska Izba Biegłych Rewidentów*), licence no. 13070, acting on behalf of Mazars Audyt spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw at ul. Piękna 18, 00-549 Warsaw, an entity authorised to audit financial statements entered on the list kept by the National Chamber of Statutory Auditors (*Polska Izba Biegłych Rewidentów*) under no. 186 and Mazars Audyt spółka z ograniczoną odpowiedzialnością have rendered unqualified audit reports on these financial statements of the Group and the Issuer.

Yield

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

Conflicts of Interest

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and their affiliates in the ordinary course of business. Certain of the Dealers and 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 Issuer, the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor and their affiliates. Certain of the Dealers of their affiliates that have a lending relationship with the Issuer and the Guarantor routinely hedge their credit exposure to the Issuer, the Guarantor and their affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Issuer Website

The Issuer's website is <https://www.en.bgk.pl/>. Unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular.

Validity of Offering Circular and supplements

For the avoidance of doubt, the Issuer shall have no obligation to supplement this Offering Circular after the end of its 12-month validity period.

The Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 259400BCOV9JJIGLYF05.

THE ISSUER

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