



BANK GOSPODARSTWA KRAJOWEGO

(state bank incorporated under the laws of the Republic of Poland)

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

The State Treasury of the Republic of Poland

€15,000,000,000

Euro Medium Term Note Programme

Application has been made to the Luxembourg Stock Exchange for notes (the "**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this 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 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**"), as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of in respect 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 relating to the Notes that are specified in the relevant Final Terms to have the benefit of a Guarantee of the Notes (as defined below). 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 the Issuer 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. This Offering Circular is valid for a period of twelve months from the date of approval and shall expire on 22 December 2021, 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).

This Offering Circular does not constitute a base prospectus for the purposes of Article 8 of the Prospectus Regulation in respect of Notes that are specified in the relevant Final Terms to have the benefit of a Guarantee of the Notes (as defined below) (the "**Guaranteed 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 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 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 (as defined herein) 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. Each Tranche of Notes in registered form ("**Registered Notes**") will initially be represented by a global registered note (the "**Global Registered Notes**") 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 Global Registered Note will be deposited on or about the issue date 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 Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

Arranger

HSBC

Dealers

BNP PARIBAS

CITIGROUP

DEUTSCHE BANK

HSBC

J.P. MORGAN

**SOCIÉTÉ GÉNÉRALE
CORPORATE & INVESTMENT BANKING**

22 December 2020

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IMPORTANT NOTICES

Bank Gospodarstwa Krajowego (the "**Issuer**" or "**BGK**") 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).

The Issuer has confirmed to the Dealers named under "Subscription and Sale" below that this Offering Circular (including for this purpose, the relevant Final Terms) contains all information which is (in the context of the Programme or the issue, offering and sale of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Circular are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme or the issue, offering and sale of the Notes) not misleading in any material respect; and all proper enquiries have been made to ascertain or verify the foregoing.

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 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.

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, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

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 will include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market

assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

If the Final Terms in respect of any Notes other than Guaranteed Notes includes a legend entitled "Prohibition of Sales to EEA and 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 European Economic Area ("**EEA**") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (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. 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 or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

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

In connection with Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (as modified and amended from time to time, 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 €15,000,000,000 (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".

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 3 May 1998 on the introduction of the euro, as amended and references to "**zloty**" or "**PLN**" are to Polish zloty. Translations of amounts from zloty 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 zloty, U.S. dollar or euro amounts referred to herein could have been or could be converted into U.S. dollar, euro or zloty, as the case may be, at any particular rate at all. The National Bank of Poland's foreign exchange rate for U.S. dollars on 21 December 2020 was PLN 3.71 = U.S.\$1, whilst The National Bank of Poland's foreign exchange rate for euro on the same day was PLN 4.51 = €1.

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

GENERAL DESCRIPTION OF THE PROGRAMME

The following summary 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 summary.

| | |
|----------------------------------|---|
| Issuer: | Bank Gospodarstwa Krajowego. |
| Guarantor: | In respect of Guaranteed Notes only, The State Treasury of the Republic of Poland. |
| Arranger: | HSBC Continental Europe |
| Dealers: | BNP Paribas, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Deutsche Bank Aktiengesellschaft, HSBC Continental Europe, J.P. Morgan AG, 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: | Citibank, N.A., London Branch. |
| Luxembourg Listing Agent: | Banque Internationale à Luxembourg, société anonyme. |
| Listing: | 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: | Clearstream, Luxembourg and/or Euroclear and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms. |
| Initial Programme Amount: | Up to €15,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. |
| Issuance in Series: | Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date, the issue price and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations. |
| Final Terms: | Each Tranche will be the subject of the Final Terms which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and this Offering Circular 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: | <p>The Notes may be issued in bearer form or in registered form.</p> <p>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 new global note 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</p> |

common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), 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 Notes represented by a Global Registered Note 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 depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depository; 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 Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

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 and unconditional 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 (subject to Condition 5 (*Negative Pledge*)) 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 "*Risk Factors – Risks related to any Guarantee of the Notes*" 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 value of the relevant Tranche of Guaranteed Notes. Each Guarantee of the Notes will cover only the payment of the principal value of the 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.

- 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. The Guarantee of the Notes will constitute a direct, general and unconditional obligation of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured (subject to clause 5 (*Negative Pledge*) of the relevant Guarantee of the Notes) and unsubordinated obligations of the Guarantor, save only for any obligation which may be preferred by mandatory provisions of applicable law.
- Issue Price:** Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms.
- Maturities:** Any maturity subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the 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 Financial Services and Markets Act 2000 (as amended, the "FSMA") by the Issuer.
- Redemption:** Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.
- Optional Redemption:** Notes may be redeemed before their stated maturity at the option of the 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 "*Optional Redemption*" above, early redemption will only be permitted for tax reasons as described in Condition 9(b) (*Redemption and Purchase – Redemption for tax reasons*).
- 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 in the United Kingdom or offered to the public in a Member State of the EEA or in the United Kingdom in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than sterling, the equivalent amount in such currency).

Negative Pledge: The Notes will have the benefit of a negative pledge as described in Condition 5 (*Negative Pledge*). Each Guarantee of the Notes will have the benefit of a negative pledge, see "*Form of Guarantee of the Notes*" 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 the Republic of Poland, unless the withholding is required by law. In that event, the Issuer and (if applicable) 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.

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

Governing Law: English law.

Enforcement of Notes in Global Form: In the case of Global Notes, investors' rights against the Issuer will be supported by a deed of covenant dated 22 December 2020, 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, the Republic of Poland, Japan, Singapore and Switzerland, 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 – Unites States of America*" 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 may also arise or become more material after the date of this Offering Circular which could also have a material impact on the Issuer'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 consolidated subsidiaries (together 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.

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

The main factors expected to impact the Polish economy in the short term relate to the COVID-19 pandemic and measures undertaken by Polish officials in an attempt to constrain the spread of the disease (described in detail in the risk factor entitled "*COVID-19 outbreak could have a material adverse effect on the Group's business, results of operations and financial position*" below). It is expected that the current situation may have a negative impact on, among other things, production, consumption and export measure rates, the good standing and liquidity of individuals and enterprises, the labour market and economic activity in general which may consequently result in an economic slowdown or even a recession. According to the projections of the World Bank, Poland may expect a contraction of 3.9% in its economy in 2020 alone.

A potential prolonged economic slowdown or a recession in Poland would 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.

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

COVID-19 outbreak could have a material adverse effect on the Group's business, results of operations and financial position

A novel strain of coronavirus causing a COVID-19 disease ("**COVID-19**"), identified in China in late 2019, has spread throughout the world. On 11 March 2020, the World Health Organization confirmed that its

spread and severity had escalated to the point of pandemic. The outbreak of COVID-19 has resulted in authorities, including those in Poland, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, curfews, lockdowns, quarantines and shutdowns of business and workplaces, and has led to materially increased volatility and declines in financial markets and significant worsening of the macroeconomic outlook. The duration of such restrictions is highly uncertain, but could be prolonged, and even stricter measures may be put in place.

The spread of COVID-19 has led the Group to modify its operational practices, and it may take further actions required by authorities or that it determines are in the best interests of its employees, customers and other stakeholders. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19, and the implementation of such measures (or their insufficiency) could affect the Group's ability to perform some of its functions and serve its customers. The pandemic and related counter-measures have affected and continue to affect some of the Group's customers adversely, which in some cases may be material, which could in turn have an adverse impact on the Group (for example, through deteriorations in credit quality and higher impairments). Schemes have been initiated to provide financial support to parts of the economy most impacted by the COVID-19 outbreak. For example, the Polish Banks Association introduced a non-legislative payment relief initiative coordinated between institutions within the banking industry, including the Issuer, in cooperation with public authorities. The Issuer has also adopted guidelines prescribed by the Polish Financial Supervision Authority (pl. *Komisja Nadzoru Finansowego*, the "**KNF**") and the European Banking Authority regarding the classification and assessment of exposures in the light of the COVID-19 crisis in respect of its lending process. At this stage it is not certain what the impact of these schemes will be on the Polish economy and the Group.

The full economic impact of COVID-19 is outside of the Group's control and will depend on the spread of the virus and the response of the local authorities and the global community. Based on the financial performance of the Group to date, the Issuer expects that COVID-19 will have a negative impact on its financial results for the year ending 31 December 2020. The Issuer's preliminary assessment based on input from changes to model assumptions is that loan impairment charges are likely to increase for the year ending 31 December 2020 causing an increase in the cost of write-offs relating to credit risk. The ability of the Group's customers to serve their contractual obligations, including to the Group, may also be materially adversely affected. However, the degree to which COVID-19 impacts the Group's results of operations, liquidity, access to funding and financial position will depend on future developments, which, as at the date of this Offering Circular, are highly uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of COVID-19, its severity, actions taken to contain the virus or treat its impact, the extent and effectiveness of economic stimulus taken to contain the virus or treat its impact and how quickly and to what extent normal economic and business activity can resume.

The United Kingdom's exit from the European Union may affect the business of the Group

The United Kingdom held a referendum on 23 June 2016 in which a majority voted to exit the European Union ("**Brexit**"). On 31 January 2020, the United Kingdom left the European Union. On 1 February 2020, a transition period which will last until 31 December 2020, began. During the transition period, the United Kingdom and the European Union will negotiate the terms of the United Kingdom's relationship with the European Union, including the terms of trade between the United Kingdom and the European Union. It is not certain what these terms will be or whether any agreement will be reached at all.

Brexit and, in particular, the uncertainties regarding the transition period and the outcome of the negotiations between the United Kingdom and the European Union may have negative implications for the Polish economy. According to Statistics Poland, in 2019 the value of goods exported from Poland to the United Kingdom was EUR 14.1 billion and the United Kingdom was the third largest recipient of Polish exports. If no agreement is reached between the United Kingdom and the European Union, or the terms of the agreement impose restrictions on Polish exports to the United Kingdom, Polish exports to the United Kingdom might be reduced and Polish manufacturers and service providers might not be able to find clients in other countries that could compensate for the loss of British clients.

Any of these effects of Brexit, and others the Group cannot anticipate, could adversely affect the Group's business, results of operations, financial condition and cash flows, and could negatively impact the value of the Notes.

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.

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.

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

Although 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 and its economic repercussions will affect the financial standing of these customers. 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, and/or results of operations of the Group.

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 2019, debt instruments issued by the State Treasury and the National Bank of Poland accounted for 74.6 per cent. of the Group's debt securities portfolio in investment and trading securities. A decrease in the price of such securities may occur as a result of several factors, in particular: (i) an increased supply of such securities by the Polish government due to an increased issue of those securities to finance the budget deficit or an increased offer of securities by investors disposing of them; or (ii) increases in domestic interest rates; or (iii) a decrease in the credit ratings for Poland's sovereign debt; or (iv) increased political risk and a negative perception of Poland by investors. Any decrease in the price of such securities could adversely affect the Group's business, financial condition and results of operations.

The Group's 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 according 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. Any occurrence of any of these factors may have an adverse effect on the Group's business, financial condition and results of operations.

The Group has 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 (eg 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/or prospects.

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 and results of operations of the Group.

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, 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 and results of operations.

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

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

Various factors could affect the Group's ability to maintain credit and deposit margins as well as fees and commissions at current levels. These factors include the evolving regulatory environment, court judgments, increasing competition in the market, changing demand for fixed and floating interest rate loans, possible changes in monetary policy conducted by the Monetary Policy Council (the "MPC"), the level of inflation, and changes in interest rates (WIBOR and LIBOR) on interbank markets. For example, in order to mitigate the influence of COVID-19 on the Polish economy, the MPC lowered the reference interest rate by 1.4 percentage points to a record low 0.1 per cent.

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 negative margin through fees;

- 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 National Bank bills brings lower yields due to decreasing interest rate rates.

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

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 risk factor entitled "The Group's IT systems may fail or their security may be compromised" below.

The Group also outsources 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 the bank 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 and/or prospects.

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 regulation regarding the use of personal data. The General Data Protection Regulation imposes new obligations and guidelines on companies in the management and processing of personal data. Administrative fines of EUR 20 million or 4 per cent. of a company's annual turnover can be imposed for non-compliance with the General Data Protection Regulation.

The Group has procedures in place to ensure compliance with the relevant data protection regulations by its employees and any third party service providers, 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 customer information in a secure manner, or if any loss or wrongful processing of personal customer data were otherwise to occur, the Group could be subject to investigative and enforcement action by relevant regulatory authorities and could be subject to claims or complaints from the person to whom the data relates, or could face liability under data protection laws. Should some or all of these risks materialise, this may have an adverse effect on the business, financial condition and results of operations of the Group.

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, 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 and results of operations of the Group.

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/or 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.

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 the particular Group's companies that could damage the reputation of the Group or the particular Group's companies, regardless of whether the allegations are valid or whether the Group is ultimately found liable.

As a result, litigation, administrative and other proceedings may adversely affect the Group's business, financial condition and results of operations. To the best of BGK's knowledge, as at 30 June 2020, it was a party to 144 court cases in which it acted as the plaintiff and 18 in which it acted as the defendant. No individual case's value exceeds 10 per cent. of BGK's equity. The biggest individual case's value is PLN 4,230,000 and the provision associated with the risk of losing this case amounts to PLN 11,600,000 due to the interest charged over the duration of the court proceedings. As at 31 December 2019, the value of the Group's provisions regarding all ongoing lawsuits was approximately PLN 80,351,000.

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 KNF and new regulations from the Basel Committee on Banking Supervision), the Group may face greater regulation in Poland and other countries in which it conducts 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 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 business, or with the guidelines set forth by financial supervisory authorities on 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 still 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 Bank or other Group entities to sanctions, fines and other penalties, which may have a material adverse effect on the business, financial condition and results of operations of the Group.

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

In the course of its activities, the Group is subject to numerous inspections, reviews, audits and explanatory proceedings conducted by various supervisors which supervise the financial services sector and other areas in which the Group operates, including the KNF. The inspections by the KNF are conducted periodically, every few years. The latest one took place in 2017.

If any irregularities are found by these supervisory authorities and BGK fails to remedy them (provided that such possibility is given) BGK may be exposed to sanctions, fines and other penalties as prescribed by the Banking Law. This could affect the business, financial condition and results of operations of the Group.

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 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 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 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.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

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

The Benchmarks Regulation became applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU and the UK. The Benchmarks Regulation could have a material impact on any Notes linked to LIBOR, 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 Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority (the "FCA") announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the Benchmarks Regulation. Such announcements indicate that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its

working group on Sterling risk free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the 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.

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, 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.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable and the ultimate fallback of interest for a particular Interest Period would result in the rate of interest for the last preceding Interest Period being used.

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

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms or 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 reinvestment risk in light of other investments available at that time.

Partly Paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

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 LIBOR. 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 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.

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 Euroclear and Clearstream, Luxembourg

The Notes will be represented by the Global Notes or Global Registered Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes or Global Registered Notes will be deposited with a common depository or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes or Global Registered Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to the common depository or common service provider for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Registered Note must rely on the procedures of Euroclear and Clearstream, Luxembourg 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. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global 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.

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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

ENFORCEABILITY OF JUDGMENTS

A judgment obtained in the courts of the United Kingdom in respect of the Guarantee of the Notes and/or the Notes would be recognised and enforced by the Polish courts without re-examination of the merits of the case insofar as it is subject to and in accordance with Council Regulation (EU) No. 1215/2012 of 12 December 2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters (recast) (O.J. EU L 351/1, 20/12/2012).

The Polish Civil Procedure Code provides special rules concerning enforcement of claims against the Guarantor. Among other provisions, 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 Art. 196(1)(1) of the Act dated 27 August 2009 on Public Finance.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising 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 Stabilising Manager(s) (or persons acting on behalf of any Stabilising 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 | Ratings | Foreign Currency | | Local Currency | |
|----------------------|---------|--------------------|------------|--------------------|------------|
| | | Long-term | Short-term | Long-term | Short-term |
| Fitch Limited | | A- (stable) | F2 | A- (stable) | F1+ |

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

| Rating Agency | Ratings | Foreign Currency | | Local Currency | |
|--|----------------------|--------------------|------------|----------------|------------|
| | | Long-term | Short-term | Long-term | Short-term |
| Fitch Limited | | A- (stable) | F2 | A- | F1 |
| Moody's Investors Service Limited | | A2 (stable) | P-1 | A2 | P-1 |
| S&P Ratings Europe Limited | Global Europe | A- (stable) | A-2 | A | A-1 |

Fitch Ratings Limited, Moody's Investors Service Limited and S&P Global Ratings Europe Limited are all established in the EEA or in the United Kingdom and are certified 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 issued by a credit rating agency established in the EEA or in the United Kingdom and registered under the CRA Regulation will 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 or in the United Kingdom and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA or in the United Kingdom but is endorsed by a credit rating agency established in the EEA or in the United Kingdom and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA or in the United Kingdom which is certified under the CRA Regulation.

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 consolidated financial statements of the Issuer's capital group (the "**Group**") for the financial year ended 31 December 2019 (https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2019_skonsolidowane/GK_B_GK_SSF_2019_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 | 9-119 |

2. the opinion and report of the auditor concerning the consolidated financial statements of the Group for the financial year ended 31 December 2019 (https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2019_skonsolidowane/GK_B_GK_Auditors_report_EN.pdf);

3. the consolidated financial statements of the Group for the financial year ended 31 December 2018 (https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2018-skonsolidowane/BGKCON_1.PDF):

| | |
|--|-------|
| 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 |
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4. the opinion and report of the auditor concerning the consolidated financial statements of the Group for the financial year ended 31 December 2018

https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2018-skonsolidowane/BGKAUD_1.PDF);

5. the standalone financial statements of the Issuer for the financial year ended 31 December 2019 (https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2019-jednostkowe/SF_BGK_2019_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 | 9-109 |

6. the opinion and report of the auditor concerning the standalone financial statements of the Issuer for the financial year ended 31 December 2019 (https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2019-jednostkowe/BGK_Auditors_report_EN.pdf);

7. the standalone financial statements of the Issuer for the financial year ended 31 December 2018 (https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2018-jednotskowe/BGK_Financial_Statement_2018_ENG_translation_only.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 | 9-121 |

8. the opinion and report of the auditor concerning the standalone financial statements of the Issuer for the financial year ended 31 December 2018 (https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2018-jednotskowe/BGK_Auditors_report_ENG_translation_only.pdf);

9. report of the management board on activities of the Group in 2019 (and each subsequent report on activities of the Group in a financial year) (https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2019_skonsolidowane/GK_BGK_SSD_2019_EN.pdf):

| Section | Page number |
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| Summary of 2019 | 5 – 14 |
| The economy in 2019 | 15 – 16 |
| Changes in the regulatory environment | 17 |
| Operations of Bank Gospodarstwa Krajowego nad the BGK group | 18 – 58 |
| Strategy and development directions of BGK and the BGK group | 59 – 66 |
| Financial overview of the BGK group and BGK | 67 – 76 |
| Organisational structure of the bank | 77 |
| Corporate social responsibility | 77 – 79 |
| HR policy pursued by BGK | 80 – 82 |
| Auditor of the financial statements | 83 |
| Disclosures required under banking law subject to audit by an auditor | 83 |
| Non-financial statement | 83 |
| Statement of compliance with corporate governance rules | 83 – 92 |
| Managing and assessing credit, financial, operational and other risks | 93 – 101 |
| 10. report of the management board on activities of the (https://www.en.bgk.pl/files/public/Pliki/Sprawozdanie_finansowe/2018-skonsolidowane/BGKCON_2.PDF): | Group in 2018 |
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| Information on the entity authorised to audit the financial statements | 77 |
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| Managing and assessing credit, financial, operational and other risks | 87 – 94 |

11. the following sections relating to the Guarantor contained in the Simplified Base Prospectus dated 13 March 2020 relating to the Republic of Poland's EUR 70,000,000,000 Euro Medium Term Note Programme (and the substantively equivalent sections from each subsequent Simplified Base Prospectus relating to the Republic of Poland's EUR 70,000,000,000 Euro Medium Term Note Programme)(<https://dl.bourse.lu/dl?v=qpqJWbHpcGy2NzPdMmYyAPmSpsb8axFfHnIL+4hAnJunt4/ppCM9PsH2TwwzotdGhPjHojcTxq9JnNiYtepo4WCe4BdHT9GlCtLfDHNRLz/tJd5tigIAL+EwYRM4ZSf261uuW1GakxfHZYPy4RmQBhRw3vKu5VrdV2Mvb2KtwU=>):

| Section | Page number |
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12. 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://dl.bourse.lu/dl?v=iVJ8MGdhydondCYENfld5JzLlFUYmoVDADKWCE1JTOcsdButqWfUEtZXUgIZKnmQmSk12ZgUgf+86vwbVOi29cCXpnhIMf8/8GfthQRloJhvY9dx384kpB9ZdOtNiSeBNC7wA0DggCryGykmTUBljBIK3myz+PB6LKYZdV5k3vw=>);
13. 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://dl.bourse.lu/dl?v=mNa9kRmZEFMzu1IDHYT6qcow5zG35RCJzqfXryWgWJcmnKDxfmDAa1Lv1akznlyFc5p5TG6xVowbtlCO96s8ci/7iHrnUQr0OoRpfL2jgqXUy3JbOu2wMMIYnaSspGf9LTdgXJo9ZKLdqXMn5EMCMLIU+SFE/I+bHIMVO4hQa30=>);
14. 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://dl.bourse.lu/dl?v=IzRI2n5mja6hEBzWzYlZ4zgedqtM4Un5+C2+f97zRfSUIIffT2iewnl1LS+EQvROIIQvZSSVp27wy1+frGau+kgYNgNIRZ3+IYpifUHwFptA9JftKT0wjTKvjSqiMDWq/r+vG5fAQp2Y2RaDdY30oGQLozEgJlhb6nBymRz7E=>); and
15. the terms and conditions set out on pages 25 to 47 of the offering circular dated 18 June 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/Program_EMTN.pdf),

save that any statement contained herein or in such documents as are referred to above (other than at paragraphs 8, 9, 10 and 11), shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such document subsequently incorporated by reference modifies or supersedes such statement.

For the purposes of Article 19(1) of the Prospectus Regulation, any information not incorporated by reference in this Offering Circular 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.bourse.lu).

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Bearer Notes will initially be 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 Temporary Global Note or, as the case may be, Permanent Global Note (each a "**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 depository or a common depository 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, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

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

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the 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*) occurs.

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 ((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 not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

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

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the 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) occurs.

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 5.00p.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 ((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 Bearer Global Notes 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 "*Summary 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 will be in the form of either individual Note Certificates in registered form ("**Individual Note Certificates**") or a global Note in registered form (a "**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 held 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 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 depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the issue date with the common depository and will be exchangeable 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 Global Registered Note will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg and will be exchangeable for Individual Note Certificates in accordance with its terms.

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

If the relevant Final Terms specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual 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 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*) occurs.

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

- b) any of the Notes represented by a 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 Global Registered Note in accordance with the terms of the Global Registered Note on the due date for payment,

then the Global Registered Note (including the obligation to deliver Individual 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 Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the 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 Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the holders of Individual 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 Global Registered Note Certificates exchangeable for individual Note Certificates in circumstances other than in the limited circumstances specified in the relevant Global Registered Note Certificate, such Notes may only be issued in denominations equal to, or greater than, EUR100,000 (or equivalent) and multiples thereof.

TERMS AND CONDITIONS OF THE NOTES

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

1. Introduction

- a) *Programme:* Bank Gospodarstwa Krajowego (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to EUR 15,000,000,000 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 supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- c) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 22 December 2020 (the "**Agency Agreement**") between the Issuer, Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), 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) and 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). In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents 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 22 December 2020 (the "**Deed of Covenant**") entered into by the Issuer.
- 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

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

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:

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

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:

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

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;

"**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*);

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- a) amounts raised by acceptance under any acceptance credit facility;
- b) amounts raised under any note purchase facility;
- c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and
- e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

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

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

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

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

- a) 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;

"**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;

"**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;

"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" has the meaning given in the relevant Final Terms or, if none, 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;

"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 the Issuer or any other type of preferential arrangement having similar effect over any assets or revenues of the Issuer;

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

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

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

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

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET 2 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 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 to 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 and unconditional 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 (subject to Condition 5 (*Negative Pledge*)) 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 and unconditional obligation of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured (subject to clause 5 (*Negative Pledge*) of the relevant Guarantee of the Notes) and unsubordinated obligations of the Guarantor, save only for any obligation which may be preferred by mandatory provisions of applicable law.

5. Negative Pledge

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

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 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, the Calculation Agent will:
 - A. request the principal Relevant Financial Centre office of each 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. 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 a preceding Interest Period.

- d) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - 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 either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- 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.

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*: Save as provided in Condition 12 (*Taxation*), 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 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 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 12 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:

- a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on 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 Notes 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 for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

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 Paying 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) is specified in the relevant Final Terms. The Issuer reserve the right at any time to vary or terminate the appointment of any Paying 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

- 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 two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two 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.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders 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.

- b) *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. 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, 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 such parties, not materially prejudicial to the interests of the Noteholders.

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

- a) *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.bourse.lu) 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.
- b) *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. Redenomination, Renominalisation and Reconventioning

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

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

- ii) if Notes have been issued in definitive form:
 - A. all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (*provided, however, that* such Notes and Coupons are available) and no payments will be made in respect thereof;
 - B. the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 22) shall remain in full force and effect; and
 - C. new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and
- iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Union.
- d) *Interest*: Following redenomination of the Notes pursuant to this Condition 22, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder.
- e) *Interest Determination Date*: If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination date shall be deemed to be the second TARGET2 Settlement Day before the first day of the relevant Interest Period.

23. **Governing Law and Jurisdiction**

- a) *Governing law*: The Notes and the Coupons and any non-contractual obligations arising out of or in connection with 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) *Rights of the Noteholders to take proceedings outside England:* Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 23 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- e) *Consent to enforcement etc.:* The Issuer 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.
- f) *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.
- g) *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 Euro Medium Term Note Programme (the "**Programme**") for the issuance of notes. The Issuer intends to issue [*currency*][*amount*] notes due [*date*] under the Programme for financing the [*use of proceeds to be inserted*] (the "**Notes**"). The Guarantor has authorised the giving of its irrevocable and unconditional guarantee in relation to the 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 22 December 2020 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 22 December 2020.
- The Guarantor has agreed to irrevocably and unconditionally guarantee the payment of the principal amount of the Notes and interest on the Notes expressed to be payable from time to time by the Issuer in respect of the Notes and under the Deed of Covenant.

THIS DEED OF GUARANTEE WITNESSES as follows:

1. INTERPRETATION

1.1. Benefit of Deed of Guarantee

The 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 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 issued by the Issuer, except for any Clearing System in its capacity as an accountholder of another Clearing System.

"**Clearing System**" means each of Euroclear and Clearstream, Luxembourg, and 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 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.

"**Entry**" means, in relation to a Global Note issued by the Issuer, any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Notes represented by such Global Note.

"**Euroclear**" means Euroclear Bank SA/NV.

"**Global Note**" has the meaning given to it in the Agency Agreement.

"**Holder**" means, in relation to any Note, at any time, the person who is the bearer of such 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.

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

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

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

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 Note the due and punctual payment of the principal amount of the Notes and interest on the Notes from time to time payable by the Issuer to such Holder in respect of each 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 Notes, the principal amount of the Notes and interest on the Notes which the Issuer is at any time liable to pay in respect of the 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 Notes and interest on the 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 Notes, the principal amount of the Notes and interest on the Notes which the Issuer is at any time liable to pay to such Accountholder in respect of the 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 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 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 the Deed of Guarantee shall be London, England and consequently any and all payments of the Guarantor under this Guarantee 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 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 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 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 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 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 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 any Note are to be applied and any extension of or any increase of the obligations of the Issuer in respect of any 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 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 Note.

4.6. The Guarantor agrees that, so long as any sums are or may be owed by the Issuer in respect of the 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:

- (a) to be indemnified by the Issuer;
- (b) to claim any contribution from any other guarantor of the Issuer's obligations under or in respect of the Notes or the Deed of Covenant;

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

(d) 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 Notes will constitute direct, general, unconditional and unsubordinated obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by mandatory provisions of applicable law.

5. NEGATIVE PLEDGE

So long as any Note remains outstanding (as defined in the Agency Agreement), the 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. 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 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 defined in the Vienna Convention on Diplomatic Relations signed in 1961, "consular premises" as defined in the Vienna Convention on Consular Relations signed in 1963 or military property or military assets of the Guarantor.

12. MISCELLANEOUS

- 12.1. The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the 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.

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.

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 OR 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 European Economic Area ("**EEA**") or in the United Kingdom. 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**"); 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. 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 or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the 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**") should take into consideration [the/each] 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/each] 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**") should take into consideration [the/each] 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/each] 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.]]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore) (as modified or amended from time to time, the "**SFA**"), the Issuer has determined, and hereby

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

notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products "]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) 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).]

Final Terms dated [•]

BANK GOSPODARSTWA KRAJOWEGO

LEI: 259400BCOV9JJIGLYF05

(state bank incorporated under the laws of the Republic of Poland)

[Guaranteed by

THE STATE TREASURY OF THE REPUBLIC OF POLAND]

**Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]
under the €15,000,000,000
Euro Medium Term Note Programme**

PART A — CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 22 December 2020 [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**")]². These Final Terms contain the final terms of the Notes [described herein for the purposes of the Prospectus Regulation]³ 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 [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Offering Circular dated 22 December 2020 [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 [original date] and are incorporated by reference in the Offering Circular.⁴ This document constitutes the final terms relating to the issue of Notes [described herein for the purposes of the Prospectus Regulation]⁵.

[End of alternative language]

² To include for Notes other than Guaranteed Notes only.

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.

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

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

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

1. (i) Issuer: Bank Gospodarstwa Krajowego.
(ii) Guarantor: The State Treasury of the Republic of Poland.
(iii) Date of Guarantee of the Notes: [•]
2. (i) Series Number: [•]
(ii) Tranche Number: [•]
(If fungible with an existing Series, give details of that Series, including the date on which the Notes become fungible.)
3. Specified Currency or Currencies: [•]
4. Aggregate Principal Amount:
(i) Series: [•]
(ii) Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Principal Amount
[plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations: [•]
(ii) Calculation Amount: [•]
7. (i) Issue Date: [•]
(ii) Interest Commencement Date: [Issue Date/other date (*specify*)/Not Applicable]
8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Interest Basis: [[•] per cent. Fixed Rate]
[[*Specify reference rate*] +/- [•] per cent. Floating Rate]
[Zero Coupon]
[Other (*specify*)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Partly Paid]
[Instalment]
[Other (*specify*)]

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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year commencing on [•] up to (and including) [the Maturity Date/other date (specify)]
[[adjusted for payment purposes only in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/, Not Adjusted]]
- (iii) Fixed Coupon Amount(s): [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [30/360]/[Actual/Actual (ICMA/ISDA)]/[other]⁶
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
(Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual (ICMA) basis. Also consider what should happen to unmatured Coupons in the event of early redemption of the Notes.)
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)
- [(i) Specified Period(s): [•]]

⁶ 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 31 (*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 31.

(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")

- (ii) Specified Interest Payment Dates: [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention insert "Not Applicable")*
- (iii) Business Day Convention: [Specify applicable Business Day Convention/ Not Adjusted]
- (iv) Additional Business Centre(s): [Not Applicable/give details]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/ other (give details)]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (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, LIBOR or EURIBOR]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [For example, Reuters page LIBOR01]
 - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
- (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]⁷
- (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)]

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

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 31 (*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 31.

any, of calculation of such amount(s):

- (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*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: Bearer Notes⁸:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
- [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice.]
- [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
- Registered Notes:
- Global 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]
23. New Global Note form: [Applicable/Not Applicable]
24. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*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*]
25. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
26. Details relating to partly paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be [Not Applicable/*give details*]

⁸ The exchange upon expiry of a period of notice or at any time options referred to above should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Specified Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Temporary Bearer Global Notes exchangeable for Definitive Notes.

made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

27. Details relating to instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
28. Redenomination, renominalisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 22 (*Redenomination, Renominalisation and Reconventioning*)] [annexed to these Final Terms] apply]
29. Other terms or special conditions: [Not Applicable/*give details*]
(If 2006 ISDA Definitions are to be applied, indicate this here. If 2000 ISDA Definitions are to be applied, no comment is necessary.)

[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

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

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

2. RATINGS

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

Fitch Ratings Limited: [•]

Moody's Investors Service Limited: [•]

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 or in the UK and certified under Regulation (EC) No. 1060/2009, as amended.]/[[•] is not established in the EEA or in the UK but the rating it has given to the Notes is endorsed by [•], which is established in the EEA or in the UK and certified under Regulation (EC) No. 1060/2009, as amended.]/[[•] is not established in the EEA or in the UK but is certified under Regulation (EC) No. 1060/2009, as amended.]/[include alternative disclosure on Regulation (EC) No. 1060/2009].

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

- (i) Reasons for the offer: The net proceeds from the issue of Notes will be applied by the Issuer for [*specify reason for the offer*].

[(ii)] Estimated net proceeds: [•]

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

- [(iii)] Estimated total expenses related to the admission to trading: [•] [*Include breakdown of expenses.*]
- (Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*
5. **[Fixed Rate Notes Only — YIELD]**
- Indication of yield: [•]
6. **[Floating Rate Notes Only — HISTORIC INTEREST RATES]**
- Details of historic [LIBOR/EURIBOR/*other*] rates can be obtained from [Reuters].]
7. **DISTRIBUTION**
- If syndicated, names of Managers: [Not Applicable/*give names*]
- Stabilising 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]
- TEFRA: [Not Applicable/The TEFRA [C/D] Rules are applicable]
- Additional selling restrictions: [Not Applicable/*give details*]
8. **OPERATIONAL INFORMATION**
- ISIN Code: [•]
- Relevant Benchmark[s]: [[*specify benchmark*] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][*appears*]/[*does not appear*]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the Benchmark Regulation]/[As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011, as amended apply, such that [*name of administrator*] is not currently required to obtain authorisation/registration (or, if located outside the European Union or the United Kingdom, recognition, endorsement or equivalence)]/ [Not Applicable]
- Common Code: [•]
- Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and 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 intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(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 intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[Not Applicable (*in the case of Notes issued in CGN form*)]

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

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

Delivery:

Delivery [against/free of] payment

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

[Not Applicable/*specify*]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

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, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by a Global Registered Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name such Global Registered Note is for the time being registered in the Register which, for so long as the 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.

Each of the 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 Global Note or a Global Registered Note (each an "**Accountholder**") must look solely to 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 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

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 into *pro rata* in the records of Euroclear and Clearstream Luxembourg.

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 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.

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 specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 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 Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) 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, deposited with a depository or a common depository 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 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 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.bourse.lu).

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

Presentation of financial information

Unless otherwise indicated, the financial information in this Offering Circular relating to the Group has been derived from the audited consolidated financial statements of the Group for the financial years ended 2019 and 2018. Unless indicated otherwise, all financial data of the Group for 2018 is presented on a restated basis, as disclosed in the 2019 Consolidated Financial Statements.

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

Factors affecting comparability

The following factors may affect the comparability of the financial results of the Group for the financial years ended 31 December 2019 and 31 December 2018.

Application of IFRS 16 "Leases"

Material changes introduced in the new standard IFRS 16 "Leases" affected lessees. In accordance with the new definition of an agreement which is, or contains, a lease (i.e. an agreement that conveys the right to control the use of an identified asset for a period of time in exchange for consideration), on 1 January 2019, in the statement of financial position, the Group recognised lease liabilities arising from agreements which had previously been classified as "operating leases" in line with the provisions of IAS 17 "Leases". Concurrently, the Group recognised right-of-use assets in an amount equal to sum of lease liabilities and any lease payments made before that date or any initial direct costs incurred by the Group. New rules applied to agreements on lease of property (including perpetual usufruct of land), cars, IT infrastructure and equipment. On the date of initial application of IFRS 16, the Group applied transition provisions and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The incremental borrowing rates calculated by the Group and applied to lease liabilities on 1 January 2019 for the following currencies were as follows:

- for PLN – from 1.57 per cent. to 3.79 per cent.;
- for EUR – from 0.43 per cent. to 0.55 per cent.; and
- for USD – 3.25 per cent.

The lease term was determined taking into account the option for its extension or shortening, where it could be assumed with sufficient certainty that the lessee would exercise such option. The Group chose to apply the simplified approach to agreements, for which the remaining lease term was less than 12 months as at 1 January 2019, and for leases of low-value assets, for which the Group recognises lease payments in profit or loss. In accordance with the approach applied by the Group, an agreement may be classified as short-term, if its term, including any renewal, does not exceed 12 months. Assets may be classified as low-value assets if the purchase price of a new asset does not exceed PLN 10,000.

The table below presents the effect of application of IFRS 16 as at 1 January 2019:

| | 31 December 2018 before the effect of application of IFRS 16 | Effect of application of IFRS 16 | 1 January 2019 after the effect of application of IFRS 16 |
|-------------------------------|---|---|--|
| | | (in PLN thousand) | |
| Assets | | | |
| Intangible assets | 49,082 | -3,443 | 45,639 |
| Property, plant and equipment | 138,869 | 0 | 138,869 |
| Right of use assets | - | 43,813 | 43,813 |
| Liabilities and equity | | | |
| Lease liabilities | - | 40,370 | 40,370 |

The table below presents the reconciliation of differences between future lease payments for non-cancellable operating leases in accordance with IAS 17 as at 31 December 2018 and the lease liabilities recognised as at 1 January 2019 in accordance with IFRS 16:

Reconciliation of lease liabilities

(in PLN thousand)

| | |
|--|---------------|
| Operating lease liability as at 31 December 2018 (undiscounted) | 47,840 |
| Agreements previously not classified as a lease | 21,780 |
| Discount effect | -26,844 |
| Short-term leases recognised as cost | -872 |
| Leases of low-value assets recognised as cost | -31 |
| Lease liabilities not recognised as at 1 January 2019 | -1,503 |
| Lease liability recognised as at 1 January 2019 | 40,370 |

The Group did not decide to adopt IFRS 16 early and it applied IFRS 16 for the first time for the reporting period beginning on 1 January 2019. The Group used a modified retrospective approach to its lease agreements, as a result of which it did not restate comparable data. For a detailed description of the accounting principles relating to leases applied by the Group see Note 2.5.11 “Leases (Significant accounting policies)” to the 2019 Consolidated Financial Statements.

Presentation changes related to the Inland Waterways Fund

The Act dated 31 July 2019 on Financial Support of Inland Shipowners, the Inland Waterways Fund and the Reserve Fund, repealing the Act dated 28 October 2002 on the Inland Waterways Fund and the Reserve Fund, came into force on 9 November 2019. Before the effective date of the act, the assets and liabilities of the Inland Waterways Fund had been recognised in BGK’s statement of financial position, while the fund’s revenue and costs were recognised in BGK’s statement of profit or loss. Once the new act became effective, the Inland Waterways Fund became a cash flow fund and BGK ceased to bear the risk of lending activities of the Inland Waterways Fund and it has derecognised assets and liabilities of the Inland Waterways Fund from its statement of financial position and its revenue and costs from the statement of profit or loss.

Selected financial information

The Group’s net profit for 2019 was PLN 390.2 million and it was PLN 123.9 million lower than the net profit for 2018. Lower performance was mainly attributed to a PLN 311.6 million lower share of profit of associates, higher impairment losses and provisions resulting from a larger loan portfolio and a conservative approach to recognition and measurement of credit risk. Net impairment losses and provisions recognised in accordance with IFRS 9 contributed to a PLN 104.2 million increase in costs compared to 2018.

Net interest, fee and commission income for 2019 was PLN 1,172.0 million and was PLN 92.8 million higher than in 2018. It was caused primarily by the increase in net interest income earned by BGK by PLN 64.3 million, which was mainly the result of increased lending and deposit activities and an increase in fee and commission income by PLN 28.5 million, year on year.

Net income on financial instruments and investments in financial assets for 2019 was PLN 205.4 million and was PLN 93.5 million higher compared to the result achieved in 2018. The performance for 2019 was significantly affected by valuation of Margueritte and PGFF funds and dividends received by BGK in 2019, amounting to PLN 37.0 million, which were PLN 19.6 million higher than a year before.

Net other operating income for 2019 amounted to PLN 191.8 million and was PLN 223.4 million higher than in 2018. The main growth drivers were the positive valuation of property investment, a low 2018 base (significant provisions for litigation and claims at BGK), and settlement by BGK of adjustment of valuation of the National Housing Fund's loans.

General administrative expenses of the Group in 2019 were PLN 600.8 million and were PLN 130.5 million higher than in 2018. The increase was attributable to higher costs of the operations of BGK and other Group entities, which increased by PLN 73.8 million and PLN 56.7 million, respectively. Higher general administrative expenses resulted from continuation of the initiatives designed to improve the efficiency of BGK's operations and increase in the scale of BGK's business operations.

Net impairment losses and provisions results of the Group for 2019 amounted to PLN 231.4 million and were PLN 104.2 million lower compared to 2018. This increase is a result of higher credit exposure and a conservative approach to credit risk.

The share of profit or loss of associates of the BGK Group in 2019 amounted to a loss of PLN 268.6 million and was PLN 311.6 million lower compared to that reported for 2018. The change in relation to the previous year resulted from the current valuation of investments implemented by funds managed by PFR TFI S.A.

Tax expense for 2019 was PLN 69.0 million and was PLN 18.5 million lower than in 2018.

The balance sheet total reported in the statement of financial position as at the end of 2019 was PLN 100,521.2 million. The largest component of assets were net credit exposures, with a share of 38.1 per cent., whose carrying amount as at the end of 2019 was PLN 38,310.3 million, having increased by 16.7 per cent. year on year.

The carrying amount of investments in associates as at the end of 2019 was PLN 3,652.8 million, accounting for 3.6 per cent. of total assets.

Liabilities to customers had the largest share in liabilities and equity of the Group, representing 59.4 per cent. of total liabilities and equity as at the end of 2019. Liabilities to customers as at the end of 2019 were PLN 59,701.4 million, up by 25.3 per cent. year on year. The higher share of liabilities to customers in liabilities and equity, which was up by 3.2 per cent., resulted from the increase in liabilities and the balance sheet total of the Group.

The share of total equity of the Group in total liabilities and equity fell by 4.1 percentage points, to 18.6 per cent., mainly as a result of the transfer by BGK of PLN 500 million to the Polish Science Fund operated by BGK.

The value of liabilities arising from the issue of securities of the Group was PLN 7,251.5 million as at the end of 2019. As at the end of 2019, liabilities to banks were PLN 4,119.6 million.

Group financial information for the years ended 31 December 2019 and 31 December 2018

Consolidated Statement of Profit or Loss

Continuing operations

Year ended 31 December

| | 2019 | 2018 |
|--|-------------------|----------------|
| | (in PLN thousand) | |
| Interest income | 2,212,331 | 1,906,870 |
| Interest income calculated with the use of the effective interest rate method | 2,034,993 | 1,754,741 |
| Income of similar nature to interest income on instruments at fair value through profit or loss | 177,338 | 152,129 |
| Interest expense | (1,258,919) | (1,017,794) |
| Net interest income | 953,412 | 889,076 |
| Fee and commission income | 231,479 | 200,541 |
| Fee and commission expense | (12,882) | (10,442) |
| Net fee and commission income | 218,597 | 190,099 |
| Net gains (losses) on financial instruments at fair value through profit or loss and foreign exchange gains (losses) | 119,690 | 51,222 |
| Net gains (losses) on investments in financial assets | 85,697 | 60,511 |
| Net gains (losses) on modifications | (9,171) | (3,429) |
| Other operating income | 235,770 | 80,868 |
| Other operating expenses | (43,945) | (112,233) |
| General administrative expenses | (600,816) | (470,261) |
| Net impairment losses and provisions | (231,415) | (127,227) |
| Operating result | 727,819 | 558,626 |
| Share of profit or loss of associates | (268,622) | 42,979 |
| Profit before tax | 459,197 | 601,605 |
| Income tax | (68,990) | (87,525) |
| Net profit | 390,207 | 514,080 |
| Net profit attributable to the owner of the parent entity | 390,132 | 514,397 |
| Net profit/loss attributable to non-controlling interests | 75 | (317) |

Consolidated statement of comprehensive income

| | Year ended 31 December | |
|--|-------------------------------|-----------------|
| | 2019 | 2018 |
| | (in PLN thousands) | |
| Net profit | 390,207 | 514,080 |
| Other comprehensive income | (105,645) | (63,347) |
| Items that are or will be reclassified subsequently to profit or loss | 8,557 | 33,455 |
| Revaluation of financial assets at fair value through other comprehensive income, including: | | |
| Deferred tax on financial assets at fair value through other comprehensive income | (1,994) | (7,780) |
| Foreign exchange gains or losses on translating subordinates | 126 | 127 |
| Items that will not be reclassified subsequently to profit or loss | (114,202) | (96,802) |
| Revaluation of equity instruments designated as at fair value through other comprehensive income, including: | (111,702) | (96,115) |

| | | |
|--|----------------|----------------|
| Deferred tax on revaluation of equity instruments designated as at fair value through other comprehensive income | 26,159 | 22,622 |
| Property, plant and equipment and investment property, including: | (54) | 0 |
| Deferred tax on property, plant and equipment and investment property | 13 | 0 |
| Gains and losses to measurement of defined benefit plans, including: | (2,446) | (687) |
| Deferred tax on measurement of defined benefit plans | 574 | 161 |
| Total net comprehensive income | 284,562 | 450,733 |
| Net comprehensive income attributable to the owner of the parent entity | 284,487 | 451,050 |
| Net comprehensive income attributable to non-controlling interests | 75 | (317) |

Consolidated statement of financial position

| | As at 31 December | |
|---|--------------------------|-------------------|
| | 2019 | 2018 |
| | (in PLN thousands) | |
| ASSETS | | |
| Cash and balances with the Central Bank | 22,729,376 | 16,668,895 |
| Amounts due from banks | 6,938,693 | 8,364,968 |
| Financial assets held for trading | 576,573 | 979,480 |
| Financial assets at fair value through profit or loss | 821,198 | 740,141 |
| Financial assets at fair value through other comprehensive income | 20,090,431 | 15,861,979 |
| Loans and advances to customers | 30,912,329 | 25,938,781 |
| Measured at amortised cost | 30,787,459 | 25,792,693 |
| Obligorily measured at fair value through profit or loss | 124,870 | 146,088 |
| Debt instruments at amortised cost | 7,397,934 | 6,881,770 |
| Reverse purchase agreements | 5,301,537 | 3,874,660 |
| Investments in associates | 3,652,833 | 3,883,564 |
| Intangible assets | 54,982 | 49,082 |
| Property, plant and equipment | 132,360 | 138,869 |
| Right-of-use asset | 45,843 | - |
| Investment property | 1,501,811 | 1,178,986 |
| Current tax receivables | 0 | 103 |
| Deferred tax assets | 247,376 | 125,712 |
| Other assets | 117,964 | 85,276 |
| Total assets | 100,521,240 | 84,772,266 |
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Amounts due to banks | 4,119,646 | 3,879,221 |
| Financial liabilities held for trading | 611,330 | 1,576,995 |
| Liabilities to customers | 59,701,374 | 47,637,298 |
| Liabilities due to repurchase agreements | 9,113,388 | 5,214,051 |
| Debt securities issued | 7,251,523 | 5,787,209 |
| Lease liabilities | 43,099 | - |
| Other liabilities | 478,983 | 1,001,822 |

| | | |
|--|--------------------|-------------------|
| Current tax liabilities | 80,208 | 30,516 |
| Deferred tax liabilities | 25,982 | 13,278 |
| Provisions | 441,790 | 398,201 |
| Total liabilities | 81,867,323 | 65,538,591 |
| Equity | | |
| Statutory capital | 16,646,945 | 17,102,410 |
| Supplementary capital | 1,134,443 | 1,053,260 |
| Revaluation reserve | 146,678 | 252,449 |
| Other capital reserves | 232,330 | 232,330 |
| Foreign exchange gains or losses on translating subordinates | 28 | (98) |
| Retained earnings/accumulated loss | 88,809 | 65,567 |
| Net profit (loss) for the current year | 390,132 | 514,397 |
| Equity attributable to the owner of the parent entity | 18,639,365 | 19,220,315 |
| Non-controlling interests | 14,552 | 13,360 |
| Total equity | 18,653,917 | 19,233,675 |
| Total liabilities and equity | 100,521,240 | 84,772,266 |
| Capital adequacy ratio (total capital ratio) excluding cash flow funds | 28.71% | 32.09% |
| Capital adequacy ratio (total capital ratio) including cash flow funds | 27.54% | 31.50% |

DESCRIPTION OF THE ISSUER

Overview

BGK is the only Polish state bank (in Polish: *bank państwowy*). 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. 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.

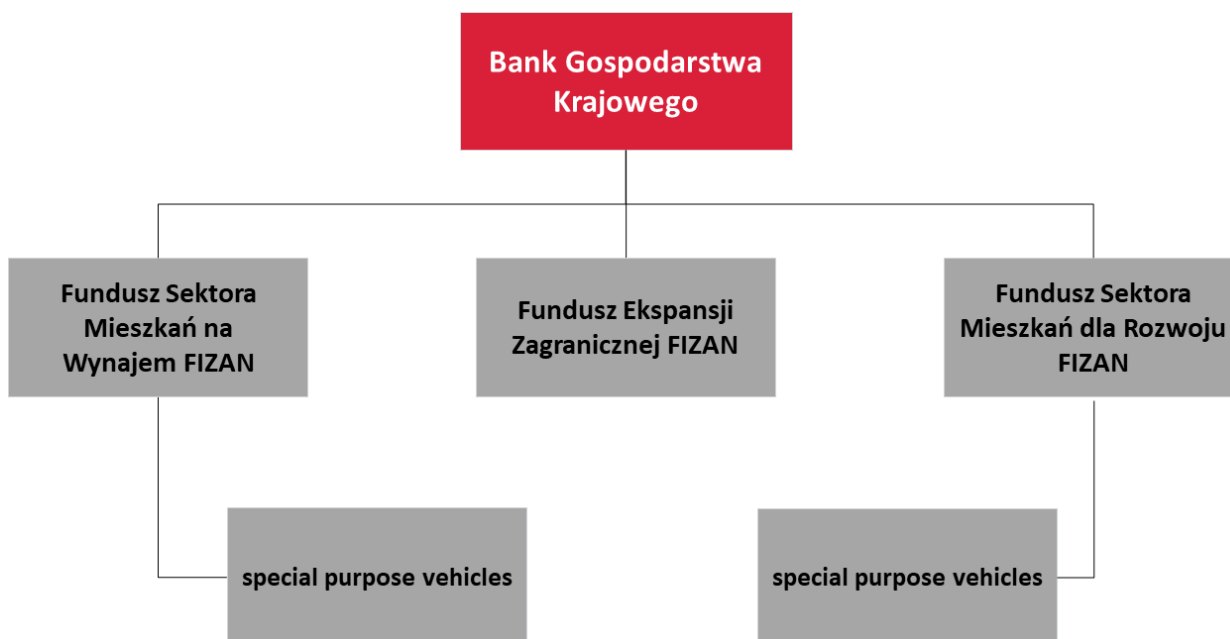
Currently, BGK is the state's chief partner in administrating the government's social and economic programmes supporting businesses as well as infrastructure and housing investments on the national, regional and local levels. Together with the Polish Development Fund, the Polish Agency for Enterprise Development, the Industrial Development Agency, the Export Credit Insurance Corporation, and the Polish Investment and Trade Agency, BGK is one of the entities that supports the implementation of the Strategy for Responsible Development (the "**SOR**"), announced by the Polish Government in 2016 and belongs to the Polish System of Development Institutions.

BGK's activities are focused on the following four pillars:

- carrying out activities supporting the economic growth of Poland by financing infrastructure projects and local government projects and by co-financing the foreign expansion of Polish companies and providing export financing;
- initiating and implementing actions aimed at supporting the economic growth and development of Polish enterprises;
- stimulating the use of capital by participating in financing consortia and assisting with structuring new transactions in Poland; and
- providing financing to fill the market gap in key areas of the Polish economy by financing high risk projects of significant economic importance and by supporting sectors which might not be able to obtain financing from commercial lenders.

Group

The chart below shows the structure of the Group as at the date of this Offering Circular:



- **Bank Gospodarstwa Krajowego** is the parent entity of the Group.
- **Fundusz Sektora Mieszkań na Wynajem FIZAN** is a closed-end fund that invests in companies that build and hold properties intended for rent. The fund supports property development projects in the six largest cities in Poland and was also responsible for the pilot projects under the government programme Apartment+, which primarily focused on activities promoting the construction of rental housing in smaller urban areas to ensure access to housing for people with a relatively low income.
- **Fundusz Sektora Mieszkań dla Rozwoju FIZAN** is a closed-end fund that invests in affordable housing and local government infrastructure. In 2019 it completed the takeover of part of the assets of Fundusz Sektora Mieszkań na Wynajem FIZAN, which mostly included investments relating to the pilot programme Apartment+.
- **Fundusz Ekspansji Zagranicznej FIZAN** 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.

Fundusz Sektora Mieszkań na Wynajem FIZAN, Fundusz Sektora Mieszkań dla Rozwoju FIZAN 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.

BGK's Relationship with the State Treasury

BGK is a state 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. 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.

BGK's Strategy for 2017-2020

BGK's strategy for 2017-2020 is premised on its current role as a state development bank. BGK aims to fulfil its mission based on stability, transparency, continuous improvement, professionalism and joint accountability. The objectives defined in the strategy are in line with the expectations of BGK's stakeholders and with national economic objectives, including the priorities of the Polish government's economic policy.

BGK is one of the key institutions implementing the SOR. Under the SOR, BGK is responsible for financing the sectors of the economy that the government has identified as the most important.

In accordance with its strategy, BGK supports the social and economic development of Poland and the public finance sector. BGK's strategy complies with the activities proposed in the SOR.

On the date of this Offering Circular, BGK's strategy for the 2021-2025 period is under development and has not been announced yet.

Key areas of BGK's development

BGK's development will be significantly influenced by its involvement in supporting the government's implementation of socio-economic plans. As part of its mission, BGK supports the social and economic growth of Poland and the public finance sector in the performance of its tasks, in particular through the implementation of government programs. BGK's strategy is aligned with actions proposed in the SOR.

BGK will pursue its development objectives on the basis of the following pillars:

- economic growth based on knowledge;
- sustainable social and territorial growth; and
- "Effective State" programme.

To support economic growth based on knowledge, BGK will engage in the financing of industrial and infrastructure investments, and the foreign expansion and exports of Polish enterprises. BGK will also provide support for micro, small and medium enterprises and will finance technological innovations. In the area of financing industrial and infrastructural development, BGK intends to increase the amount of debt funding and guarantees it provides for such financings as well as provide equity financing in cooperation with other development institutions. BGK, together with development institutions from Central and Eastern European countries, will participate in financing major infrastructure projects in Central and Eastern Europe. Through the Financial Exports Support Programme, BGK plans to increase the amount of financing for the international expansion of Polish companies and Polish exports by providing loans, letters of credit, guarantees and other instruments. BGK offers a variety of financing options for micro, small and medium enterprises, including *de minimis* guarantees and other guarantees. To support technological innovation,

BGK offers a dedicated loan for companies implementing new technologies and also offers special guarantees with a counter-guarantee from the European Investment Fund. BGK established the Polish Science Fund to finance scientific research in areas of particular importance to the economy.

To support sustainable social and economic growth, BGK offers financial support for the development of housing and ensuring access to housing for young families and persons with relatively low levels of income. BGK also supports social mobility and labour market balance by financing the development of apartments and houses for rent. BGK also manages programmes that support start-ups and create new employment opportunities to counteract unemployment. BGK also finances the development and modernisation of telecommunication networks to ensure wide access to high-speed broadband internet.

Given the close relationship between BGK and the State Treasury, BGK plays an important role in the “Effective State” programme. The “Effective State” programme is an initiative of the Polish Government aimed at transforming the Polish public administration into an efficient system focused on the needs of its citizens, in which various branches of the administration cooperate with each other to provide services in a coordinated and efficient manner. BGK is involved in the implementation of European Union programmes, managing public finance and implementing certain government programmes. BGK also supports the development of small and medium enterprises, the transition to renewable energy sources, and cooperates with local governments to optimise the utilisation of European Union funds.

BGK’s cooperation with international stakeholders

Below is a summary of BGK’s cooperation with international stakeholders. A detailed description is included in point 4.10 (*Cooperation with international public stakeholders*) of the Issuer’s management board report on the Group’s activities in 2019, incorporated by reference herein.

European Investment Bank (“EIB”)

The EIB remains BGK’s main EU partner in the provision of funding for programmes, funds and own activities. The EIB loan agreements signed with BGK amount to EUR 11.7 billion and PLN 1.8 billion for financing the National Road Fund as well as EUR 0.9 billion and PLN 1.44 billion for financing BGK’s own projects.

European Investment Fund (“EIF”)

BGK cooperates with the EIF in various fields. The EIF, as part of EIB’s group, implements the disbursement of EU funds, e.g. through the the European Fund for Strategic Investments (“EFSI”), also known as the Juncker Plan. The EFSI funds allow support for SMEs. Under the EFSI, BGK provides PGF COSME guarantees to SMEs with the EIF counter-guarantee. PGF COSME guarantees are described in detail in the sub-section entitled “*Sureties and guarantees*” below.

In December 2019, BGK signed an agreement with the EIF to increase the amount of the guarantee portfolio covered by EIF’s counter-guarantee under the COSME programme (as described below) from PLN 4.8 billion to PLN 8.4 billion. The period of availability of the product was extended by one year, ie until 31 October 2021. As the guarantee portfolio was increased, the amount of loans to SMEs that can be guaranteed by BGK under the COSME programme was raised to PLN 10.5 billion. The increase of the portfolio and extension of the period of the product’s availability provides a strong bridge for COSME guarantees between the ending of the current financial perspective and the new financial perspective for 2021-2027.

BGK also continued its activities within the framework of the EUR 90 million Polish Growth Fund of Funds established together with the EIF. The fund invests in investment funds that provide funding to business entities at the stage of growth or expansion.

Cooperation with the EIF is also implemented at the ownership level. As at the date of this Offering Circular, BGK holds 0.99 per cent of shares in the EIF and is its only Polish shareholder.

Multilateral cooperation with public development institutions and international associations and organisations

In 2019, BGK continued its active cooperation with public banks and development institutions forming part of the associations 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 2019, BGK was a member of six international associations:

- European Association of Public Banks;
- European Association of Guarantee Institutions;
- European Long-Term Investors Association;
- International Project Finance Association;
- International Swaps and Derivatives Association; and
- Network of European Financial Institutions for SMEs.

Collaboration as part of the Three Seas Initiative and the Three Seas Initiative Investment Fund

The Three Seas Initiative Investment Fund 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 the region's ten other states: Austria, Bulgaria, 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 on the north-south axis in the Three Seas Region states and projects that improve the economic potential and reduce differences in the development of the Three Seas Region states and Western European states.

Fundraising for the Three Seas Initiative Investment Fund is currently ongoing. BGK has declared its intention to contribute EUR 750 million.

Cooperation with the European Commission

In 2019, BGK actively cooperated with the European Commission as part of its consultations on the establishment of new financial arrangements for the future MFF 2021-2027.

Activities

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 State Treasury and managing government and EU programmes; and
- investment activities.

The Issuer, 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.

The Issuer carries out government tasks on the basis of acts and agreements with ministries, including through funds established, entrusted or transferred to the Issuer for which, by virtue of law, the Issuer keeps separate accounting books and prepares separate financial statements. These include, among others, cash flow funds related to the management and administration of cash flows which are not recognised in the Issuer's statement of financial position and the statement of profit or loss. These cash flow funds are the National Road Fund, Railway Fund, Thermal Modernization and Refurbishment Fund, Subsidy Fund, Student Loan Fund, Borrower Support Fund, National Guarantee Fund, Polish Science Fund and Inland Waterways Fund, COVID-19 Response Fund, Liquidity Guarantee Fund, Interest Subsidy Fund and Touristic Refund Fund, which are described in detail below in the subsection entitled "*Funds*".

Through the cash flow funds mentioned above and 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, the Issuer also supports the development of entrepreneurship by providing sureties and facilitating the export of Polish goods and services.

The Group's operations are divided into the following reporting segments:

- "Settlement and Treasury", 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 National Bank of Poland, 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 Settlement and Treasury 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.
- "Other", 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.

The table below shows certain segment information for 2018 and 2019 that is derived from note 3 to the 2019 Consolidated Financial Statements. For a more detailed description of how the segment information has been prepared, see note 3 to the 2019 Consolidated Financial Statements.

| Information on operating segments for the year ended 31 December 2019 | Continuing operations | | | | Total Group |
|---|-------------------------|---------------|----------------|-----------------|----------------|
| | Settlement and Treasury | Public Sector | Corporate | Other | |
| | (in PLN thousand) | | | | |
| Net interest income* | 498,910 | 149,991 | 259,175 | 45,336 | 953,412 |
| Net fee and commission income/expense | -2,133 | 51,097 | 163,313 | 6,320 | 218,597 |
| Net gains (losses) on financial instruments at fair value through profit or loss or foreign exchange gains (losses) | 48,363 | -17 | 1,722 | 69,622 | 119,690 |
| Net gains (losses) on investments in financial assets | 44,986 | 1,603 | 2,150 | 36,958 | 85,697 |
| Net gains (losses) on modifications | 0 | 904 | -9,971 | -104 | -9,171 |
| Other operating income | 0 | 0 | 93,357 | 142,413 | 235,770 |
| Other operating expenses | 0 | 0 | -528 | -43,417 | -43,945 |
| General administrative expenses** | -20,463 | -154,924 | -185,964 | -239,465 | -600,816 |
| Net impairment losses and provisions | -959 | -15,294 | -208,152 | -7,010 | -231,415 |
| Operating result | 568,704 | 33,360 | 115,102 | 10,653 | 727,819 |
| Share of profit or loss of associates | 0 | 0 | 0 | -268,622 | -268,622 |
| Profit before tax | 568,704 | 33,360 | 115,102 | -257,969 | 459,197 |
| Income tax | | | | | -68,990 |
| Net profit | | | | | 390,207 |

* The presentation of net interest income takes into account expenses/revenue related to internal fund transfers based on transfer prices determined by reference to market rates. Therefore, the figure is presented in the table on a net basis, without being divided into interest income and expenses.

** Operating expenses, as well as depreciation and amortisation expenses, were allocated to each customer segment based on the cost of internal services determined in line with the allocation model adopted by BGK. Due to the indirect nature of allocation, depreciation and amortisation expenses are presented to the management board without being divided into segments.

| Information on operating segments for the year ended 31 December 2018 | Continuing operations | | | | Total Group |
|--|-------------------------|---------------|-----------|--------|-------------|
| | Settlement and Treasury | Public Sector | Corporate | Other | |
| | (in PLN thousand) | | | | |
| Net interest income* | 469,683 | 119,724 | 254,053 | 45,616 | 889,076 |
| Net fee and commission income/expense | -618 | 49,585 | 134,464 | 6,668 | 190,099 |
| Net (losses) gains on financial instruments at fair value through profit or loss and foreign exchange gains (losses) | 25,189 | 2,319 | 8,067 | 15,647 | 51,222 |
| Net gains (losses) on investments in financial assets | 27,194 | 0 | 0 | 33,317 | 60,511 |

| | | | | | |
|---------------------------------------|----------------|---------------|----------------|-----------------|----------------|
| Net gains (losses) on modifications | 0 | -1,947 | -1,516 | 34 | -3,429 |
| Other operating income | 0 | 0 | 79 | 80,789 | 80,868 |
| Other operating expenses | 0 | 0 | -2 | -112,231 | -112,233 |
| General administrative expenses** | -11,535 | -120,745 | -162,785 | -175,196 | -470,261 |
| Net impairment losses and provisions | -521 | -37,320 | -34,111 | -55,275 | -127,227 |
| Operating result | 509,392 | 11,616 | 198,249 | -160,631 | 558,626 |
| Share of profit or loss of associates | 0 | 0 | 0 | 42,979 | 42,979 |
| Profit before tax | 509,392 | 11,616 | 198,249 | -117,652 | 601,605 |
| Income tax | | | | | -87,525 |
| Net profit | | | | | 514,080 |

* The presentation of net interest income takes into account expenses/revenue related to internal fund transfers based on transfer prices determined by reference to market rates. Therefore, the figure is presented in the table on a net basis, without being divided into revenue and interest income.

** Operating expenses, as well as depreciation and amortisation expenses, were allocated to each customer segment based on the cost of internal services determined in line with the allocation model adopted by BGK. Due to the indirect nature of allocation, depreciation and amortisation expenses are presented to the management board without being divided into segments.

Lending Activity

A detailed description of the Issuer's lending activity is included in point 4.2 (*Lending activity of BGK*) and 4.3 (*Lending policy of BGK*) of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

BGK extends credit (in the form of loans and bonds) to a wide group of borrowers, including corporates 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.

The gross value of BGK's credit exposures in the year ended 31 December 2019 reached PLN 39,484.2 million. The year-on-year increase was PLN 5,602.6 million, which was related mainly to the area of financing of local government institutions and municipal companies, structured financing and financing of enterprises and financial entities.

The table below presents the portfolio of credit exposures by business line.

| | 2019 | | 2018 | | Change versus 2018 | |
|--------------------------------------|------------------|--------------|-----------------|--------------|--------------------|---------------|
| | Performance | Structure | Performance | Structure | in nominal terms | % |
| | (in PLN million) | | | | | |
| Gross credit exposures* | 39,484.2 | 100% | 33,881.6 | 100% | 5,602.6 | 16.5 |
| Financial sector entities | 1 609.9 | 4.1% | 753.9 | 2.2% | 856.0 | 113.5% |
| Non-financial sector entities | 28 178.8 | 71.4% | 25 000.9 | 73.8% | 3 177.9 | 12.7% |
| individuals | 44.3 | 0.1% | 55.2 | 0.2% | -10.9 | -19.8% |
| businesses | 28 134.5 | 71.3% | 24 945.7 | 73.6% | 3 188.8 | 12.8% |
| Budget sector entities | 9 695.4 | 24.6% | 8 126.8 | 24.0% | 1 568.6 | 19.3% |

| | | | | | | |
|-----------------------------|---------|-------|---------|-------|---------|-------|
| central government entities | 467.5 | 1.2% | 352.4 | 1.0% | 115.0 | 32.6% |
| local government entities | 9 228.0 | 23.4% | 7 774.3 | 22.9% | 1 453.6 | 18.7% |

* the item includes loans, municipal bonds and commercial bonds measured at amortised cost

Deposit taking

A detailed description of the Issuer's deposit activity is included in point 4.4 (*Deposit activities of BGK*) and 4.11 (*Public finance consolidation management*) of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

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 2019, BGK saw a year-on-year increase in the balance of deposits, from PLN 47,769.3 million to PLN 59,821.3 million, ie by 25.2 per cent. In terms of value, the most considerable increase of PLN 6,933.3 million (up by 43.9 per cent. year on year) was recorded in the non-financial segment. In 2019, the value of deposits made by local government entities went up by PLN 1,164.4 million, which is up by 43.0 per cent. year on year.

The table below presents the volume and structure of BGK's deposit base:

| | 2019 | | 2018 | | Change versus 2018 | |
|--------------------------------------|------------------|---------------|-----------------|---------------|--------------------|--------------|
| | Performance | Structure | Performance | Structure | In nominal terms | % |
| | (in PLN million) | | | | | |
| Deposits from customers | 59,821.3 | 100.0% | 47,769.3 | 100.0% | 12,052.0 | 25.2 |
| Financial sector entities | 5,847.8 | 9.8% | 2,463.5 | 5.2% | 3,384.3 | 137.4 |
| Non-financial sector entities | 22,754.5 | 38.0% | 15,819.3 | 33.1% | 6,935.2 | 43.8% |
| individuals | 44.2 | 0.1% | 42.3 | 0.1% | 1.9 | 4.5 |
| businesses | 22,710.3 | 38.0% | 15,777.0 | 33.0% | 6,933.3 | 43.9 |
| Budget sector entities | 31,219.0 | 52.2% | 29,486.5 | 61.7% | 1,732.5 | 5.9 |
| central government entities | 27,346.0 | 45.7% | 26,777.9 | 56.1% | 568.1 | 2.1 |
| local government entities | 3,873.0 | 6.5% | 2,708.6 | 5.7% | 1,164.4 | 43.0 |

Sureties and guarantees

A detailed description of the Issuer's surety and guarantee operations is included in point 4.9 (*Sureties and guarantees provided by BGK under government programmes*) of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

As part of its surety and guarantee operations, BGK supports SMEs in financing their development needs, including investments. In 2019, BGK performed tasks in four primary areas:

- continuation of the government programme of providing *de minimis* guarantees for SMEs implemented in 2013;

- utilisation of EU funds for guarantees in the SME sector – an initiative under the Operational Programme Smart Growth (**OP SG**) and the framework programme for the competitiveness of enterprises and SMEs for 2014-2020 (**COSME**), the Creative Europe programme for 2014-2020, the Rural Areas Development Programme 2014-2020, the Operational Programme Digital Poland (**OP DP**) for 2014-2020;
- management of active portfolios of sureties and guarantees, including portfolios, which have been removed from offer; and
- cooperation with local and regional surety funds in Poland. BGK, as a shareholder of the surety funds, has been supporting their development and ensuring that the risk associated with the funds' surety activity is maintained at a safe level.

In 2019, 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**") (which was introduced to the market in 2013) - since 1 July 2018, guarantees under the PDMGF have been provided as part of the National Guarantee Fund; additionally, *de minimis* guarantees combined to secure loan repayment with a surety provided by the surety fund ("**PDMGF PLUS**") are also granted under the PDMGF;
 - loan repayment guarantees as part of the Portfolio Guarantee Facility with the European Investment Fund's (EIF) counter-guarantees under the COSME Programme ("**PGF COSME**") – a product introduced to the market in 2015 as a complementary guarantee to the *de minimis* guarantee;
 - loan repayment guarantees as part of the Guarantee Fund under the SG OP ("**PGF-GF SG OP**") – referred to as “Biznesmax” guarantees, dedicated to innovative and eco-efficient entrepreneurs;
 - loan repayment guarantees as part of the Operational Programme Digital Poland ("**PGF-OP DP**") – a new product introduced to support the development and consolidation of telecommunications undertakings;
 - loan repayment guarantees as part of the Portfolio Guarantee Facility with EIF's counter-guarantees under the Creative Europe programme ("**PGF-Creative Europe**") – a new product dedicated to entities within the creative and cultural sectors;
 - loan repayment guarantees as part of the Agricultural Guarantee Fund ("**AGF**") – a new product dedicated to entities within the agricultural sector; and
 - student loan repayment guarantees; and
- guarantees/sureties provided on a case-by-case basis, including:
 - loan repayment guarantees and sureties; and
 - performance bonds.

The table below shows the value of the guarantees and sureties provided by BGK

| 2019 | 2018 |
|------|------|
|------|------|

| | Volume | Value | Volume | Value |
|--|---------------|------------------|---------------|-----------------|
| | | (in PLN million) | | |
| Sureties and guarantees provided on a portfolio basis | 51,257 | 13,907.4 | 42,914 | 11,684.9 |
| PDMGF | 39,329 | 11,562.2 | 34,619 | 10,169.1 |
| PGF COSME | 11,827 | 2,130.4 | 8,268 | 1,469.5 |
| PGF GF SG OP | 93 | 204.0 | 27 | 46.3 |
| PGF OP DP | 1 | 0.2 | 0 | 0.0 |
| PGF Creative Europe | 2 | 2.8 | 0 | 0.0 |
| AGF | 5 | 7.7 | 0 | 0.0 |

The table above omits information on student loan repayment guarantees as student loans are granted on an academic year basis rather than a calendar year basis. In the 2018/2019 academic year, BGK provided 2,498 sureties on student loans and the value of student loans with BGK's surety amounted to PLN 55.1 million.

Funds

Credit funds

Credit funds are funds that are exposed to credit risk and are recognised in BGK's balance sheet and income statement. As of the date of this Offering Circular, BGK has no credit funds.

Cash flow funds

Cash flow funds are funds related to the management of cash flows used to finance specific budget tasks. The assets and liabilities of cash 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.

Dedicated accounting records are maintained for the cash flow funds. BGK prepares separate balance sheets, off-balance sheet items and income statements for the cash flow funds and presents them in the appendices to BGK's financial statements. As at the date of this Offering Circular, the cash flow funds are:

- the National Road Fund (*Krajowy Fundusz Drogowy*);
- the Railway Fund (*Fundusz Kolejowy*);
- the Inland Waterways Fund (*Fundusz Żeglugi Śródlądowej*);
- the Subsidy Fund (*Fundusz Dopłat*);
- the Student Loan Fund (*Fundusz Kredytów Studenckich*);
- the Thermal Modernisation and Refurbishment Fund (*Fundusz Termomodernizacji i Remontów*);
- the Borrower Support Fund (*Fundusz Wsparcia Kredytobiorców*);
- the National Guarantee Fund (*Krajowy Fundusz Gwarancyjny*);
- the Polish Science Fund (*Fundusz Polskiej Nauki*);
- the COVID-19 Response Fund (*Fundusz Przeciwdziałania COVID-19*);
- the Liquidity Guarantee Fund (*Fundusz Gwarancji Płynnościowych*);
- the Interest Subsidy Fund (*Fundusz Dopłat do Oprocentowania*); and

- the Touristic Refund Fund (*Turystyczny Fundusz Zwrotów*).

National Road Fund

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.

The National Road Fund is financed from the following sources:

- a charge which is included in the price of fuel;
- European Union funds;
- loans granted by the European Investment Bank;
- loans granted by the Nordic Investment Bank; and
- debt securities issued by BGK that are designated for financing 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 7.2 billion and EUR 2.55 billion.

Any payments under debt securities issued by BGK to finance the National Road Fund (including any Notes to be issued under the Programme) may only be made from the National Road Fund's funds and not from other funds or assets held by BGK. Any Notes to be issued under the Programme to finance the National Road Fund will be guaranteed by the Guarantor.

The sources of the National Road Fund's revenues are described on page 42 of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

Railway Fund

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 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.

The main sources of financing for the Railway Fund are:

- a charge which is included in the price of fuel; and
- debt securities issued by BGK that are designated for financing the Railway Fund.

Any payments under debt securities issued by BGK to finance the Railway Fund (including any Notes to be issued under the Programme) may only be made from the Railway Fund's funds and not from other funds or assets held by BGK. All debt securities issued to finance the Railway Fund benefit from a guarantee from the Guarantor.

The sources of the Railway Fund's revenues are described on page 44 of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

Inland Waterway Fund

The purpose of the Inland Waterway 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 Waterway Fund may also provide refinancing of the costs of acquiring shipping equipment. The Inland Waterway Fund was created in 2019 to continue the operations and assume all assets and liabilities of the previous Inland Waterway Fund, which was established as a credit fund in 2002.

As of the date of this Offering Circular, the Inland Waterway Fund cannot be financed by the issuance of debt securities.

The sources of the Inland Waterway Fund revenues are described on page 45 of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

Subsidy Fund

The Subsidy Fund provides financial assistance under the following programmes:

- interest subsidies on fixed rate mortgage loans – the fund co-finances the interest payments under mortgage loans granted to individuals;
- financial support for persons purchasing their first home;
- financial support for municipal and rental housing;
- subsidies to rental payments;
- financial support for young people purchasing their first apartment; and
- financial support for social housing associations and housing cooperatives developing new residential properties.

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.

The sources of the Subsidy Fund's revenues are described on page 47 of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

Student Loan Fund

The Student Loan Fund aims to facilitate access to higher education. The Student Loan Fund operates a system of financial subsidies for students, including interest subsidies and a partial or complete redemption of loans granted by commercial banks. The Student Loan Fund also finances repayments of loans that were covered by suretyships granted by BGK. The Student Loan Fund is financed by the State Treasury.

As of the date of this Offering Circular, the Student Loan Fund cannot be financed by the issuance of debt securities.

The sources of the Student Loan Fund's revenues are described on page 48 of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

Thermal Modernisation and Refurbishment Fund

The Thermal Modernisation and Refurbishment Fund provides public assistance for thermal efficiency improvement and repair projects aimed at reducing energy consumption for municipal and housing needs. The Thermal Modernisation and Refurbishment Fund provides building insulation and repair subsidies for investors involved in these projects. The funds are disbursed on the completion of the project and are designated for repaying commercial loans used to finance thermal efficiency improvements and repair projects. Funds provided by the State Treasury are the principal source of funding for the Thermal Modernisation and Refurbishment Fund.

As of the date of this Offering Circular, the Thermal Modernisation and Refurbishment Fund cannot be financed by the issuance of debt securities.

The sources of the Thermal Modernisation and Refurbishment Fund's revenues are described on page 49 of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

Borrower Support Fund

The Borrower Support Fund was established in 2015 to support borrowers in difficult financial situations. The Borrower Support Fund provides financial support by paying directly to the lender the amounts which are due under loans secured over title to residential property or by providing a loan to facilitate the repayment of the loan secured over title to residential property. The main sources of financing for the Borrower Support Fund are contributions made by banks and cooperative saving unions that grant mortgage loans.

As of the date of this Offering Circular, the Borrower Support Fund cannot be financed by the issuance of debt securities.

The sources of the Borrower Support Fund's revenues are described on page 50 of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

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 Polish Science Fund was established in 2019 and made no payments to finance scientific research in 2019.

As of the date of this Offering Circular, the Polish Science Fund cannot be financed by the issuance of debt securities.

The sources of the Polish Science Fund's revenues are described on page 51 of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

National Guarantee Fund

The role of the National Guarantee Fund is to provide strategic support for small and medium enterprises by providing guarantees, including guarantees financed by European Union funds. The purpose of these guarantees is to encourage businesses to make investments and grow their businesses. In 2019, the National Guarantee Fund provided 39,329 *de minimis* guarantees for an aggregate amount of PLN 11,562.2 million. Following the outbreak of COVID-19, the rules for granting guarantees under the National Guarantee Fund were amended to facilitate access to guarantees for businesses affected by COVID-19.

The National Guarantee Fund can be financed by the issuance of debt securities. Any payments under debt securities issued by BGK to finance the National Guarantee Fund (including any Notes to be issued under the Programme) may only be made from the National Guarantee Fund's funds and not from other funds or assets held by BGK. Any Notes to be issued under the Programme to finance the National Guarantee Fund will be guaranteed by the Guarantor.

The sources of the National Guarantee Fund's revenues are described on page 52 of the Issuer's management board report on the Group's activities in 2019, incorporated by reference herein.

COVID-19 Response Fund

The COVID-19 Response Fund operates on the basis of 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 counter the COVID-19 pandemic's effects on the Polish economy.

As of the date of this Offering Circular, the COVID-19 Response Fund has the full operational capacity to both raise funding and provide financial support. The funds raised by the COVID-19 Response Fund are transferred to various public institutions managing the support programmes. So far, the COVID-19 Response Fund has financed or co-financed the salaries of employees affected by the economic downturn or reduced working hours, loans for micro-enterprises to finance their operating costs, purchase of medical and protective equipment as well as the purchase of tests for detecting COVID-19. Each public institution that receives funds from the COVID-19 Response Fund has to enter into an agreement with BGK regulating, among others, issues of subsidiary accounts and principles of distributing funds to particular public institutions.

Although the COVID-19 Response Fund operates within BGK structures, it is supervised by the Prime Minister of Poland in cooperation with various public institutions and branches of government, eg the Social Insurance Fund, the Agricultural Social Insurance Fund, the Ministry of Health and the Ministry of Family, Labour and Social Policy, which are responsible for implementing particular support programmes.

The resources for the COVID-19 Response Fund come from:

- cash payments from certain public finance sector units;
- funds from the budget of the European Union and non-refundable aid from the Member States of the European Free Trade Agreement (EFTA) which, with the consent of the European Commission, may be allocated to support the implementation of tasks related to counteracting the effects of the COVID-19 pandemic;
- payments from the state budget, including European funds;
- proceeds from certain treasury securities;
- debt securities issued by BGK that are designated for financing the COVID-19 Response Fund; and
- other income.

The resources of the COVID-19 Response Fund may be allocated to:

- financing or co-financing the implementation of tasks related to counteracting the effects of the COVID-19 pandemic;

- redemption and payment of interest on the bonds issued to finance the COVID-19 Response Fund, and covering the costs of their issuance;
- returning BGK's own funds transferred to the COVID-19 Response Fund for the purpose of financing its activities; and
- reimbursing expenses incurred during the implementation of tasks related to counteracting the effects of the COVID-19 pandemic.

As of the date of this Offering Circular, the 2020 financial plan for the COVID-19 Response Fund is envisaged to be approximately PLN 112 billion. The issuance of debt securities will be the main source of financing for the COVID-19 Response Fund. As of the date of this Offering Circular, BGK has issued PLN 100.7 billion in bonds to finance this fund, which were acquired by Polish institutional investors.

Any payments under debt securities issued by BGK to finance the COVID-19 Response Fund (including any Notes to be issued under the Programme) may only be made from the COVID-19 Response Fund's funds and not from other funds or assets held by BGK. All debt securities issued to finance the COVID-19 Response Fund benefit from a guarantee from the Guarantor.

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 will provide 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, ie banks or factoring companies granting factoring limits.

The support under the Liquidity Guarantee Fund is aimed at enterprises which, as of 31 December 2019, were in a sound financial position and, as of 1 February 2020, were not in arrears with payments under their financial indebtedness, taxes and contributions to the social security funds. The Liquidity Guarantee Fund may be financed by the issuance of debt securities. Any payments under debt securities issued by BGK to finance the Liquidity Guarantee Fund (including any Notes to be issued under the Programme) may only be made from the Liquidity Guarantee Fund's funds and not from other funds or assets held by BGK. All debt securities issued to finance the Liquidity Guarantee Fund benefit from a guarantee from the Guarantor.

Interest Subsidy Fund

The Interest Subsidy Fund operates on the basis of the Act of 19 June 2020 on interest subsidies for bank loans granted to entrepreneurs affected by COVID-19 and on simplified proceedings for obtaining approval of an arrangement in connection with the occurrence of COVID-19. In accordance with the provisions of the abovementioned act, the resources of the Interest Subsidy Fund come from:

- payments from the State Treasury budget, part of which is at the discretion of the minister responsible for economic affairs;

- interest on deposits of the Interest Subsidy Fund's unused resources in banks;
- interest on the Interest Subsidy Fund's unused resources deposited with the Ministry of Finance;
- proceeds from the investments of the Interest Subsidy Fund's free resources in securities issued or guaranteed by the State Treasury or issued by the National Bank of Poland;
- the amounts of subsidies returned and the amounts of subsidies recovered, less the costs necessary to pursue claims for the refund of subsidies; and
- other income.

As of the date of this Offering Circular, the Interest Subsidy Fund cannot be financed by the issuance of debt securities.

The Interest Subsidy Fund grants interest subsidies for bank loans on the basis of contracts concluded by 31 December 2020 for entrepreneurs and entities from the primary production sector of agricultural products which have been adversely impacted by the COVID-19 pandemic.

The subsidies are applied to renewable and non-revolving working capital loans, granted in PLN, to ensure financial liquidity, particularly in respect of the short-term and medium-term.

The deadline for concluding loan agreements or annexes changing the loan agreements with an additional payment from the Interest Subsidy Fund is 31 December 2020. The subsidies will be paid for a period no longer than 12 months from the conclusion of the loan agreement with the subsidy.

The procedure and conditions for granting a loan with interest subsidies are as follows:

- loans with subsidies are granted by banks that have concluded a cooperation agreement with BGK;
- the entrepreneur submits an application for a loan with subsidies to the bank granting loans with subsidies;
- the application must be accompanied by documents confirming the loss of financial liquidity or the threat of loss of financial liquidity as well as other documents and statements required by the bank, resulting from its internal procedures;
- the bank concludes a loan agreement with the entrepreneur after issuing a positive credit decision; and
- the interest rate on the subsidised loan will be charged at the rate specified in the loan agreement with the subsidy, provided that it is not higher than the average interest rate on other working capital loans granted by the bank.

The subsidy is part of the interest due to the bank that granted the loan and applies only to the interest rate on the loan – it cannot reduce the principal installments and is paid to loans that are not overdue with the repayment of principal and interest.

Touristic Refund Fund

The Touristic Refund Fund operates on the basis of the amended Act of March 2, 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 Touristic Refund Fund will be 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 canceled 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 sources of funding for the Touristic Refund Fund are:

- payments from the state budget, part of which is at the disposal of the minister of tourism;
- interest on deposits of periodically free resources of the Touristic Refund Fund deposited in banks and interest on funds transferred to the deposit of Minister of Finance; and
- payments from the the COVID-19 Response Fund.

As of the date of this Offering Circular, the Touristic Refund Fund cannot be financed by the issuance of debt securities.

Capital adequacy

A detailed description of the Issuer's capital ratios is included in point 50 (*Capital adequacy*) of the consolidated financial statement of the Group for the financial year from 1 January to 31 December 2019, on pages 109 – 112.

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, 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.

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

| Item | as at 31 December 2019 | as at 31 December 2018 |
|--|------------------------|------------------------|
| Total capital requirement (in PLN million) | 5,190.1 | 4,642.2 |
| Internal capital (in PLN million) | 6,651.2 | 5,829.8 |
| Total equity (in PLN million), including: | 17,869.9 | 18,275.9 |
| Tier 1 capital, including: | 17,869.9 | 18,275.9 |
| Common Equity Tier 1 | 17,869.9 | 18,275.9 |
| Tier 2 capital | 0.0 | 0.0 |
| CET1 | 27.5% | 31.5% |
| Tier 1 capital ratio | 27.5% | 31.5% |
| Solvency ratio | 27.5% | 31.5% |
| Internal capital ratio | 37.2% | 31.9% |
| Leverage ratio | 10.29% | 11.71% |

BGK's own borrowings

As at 31 December 2019, the Group had outstanding liabilities, under loans granted to the Group and debt securities issued by the members of the Group, of PLN 11.4 billion. The table below gives primary information on the current outstanding debt securities issued by the Group:

| <u>Issuer</u> | <u>Status</u> | <u>Currency</u> | <u>Principal amount</u> | <u>Interest rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Listing</u> |
|---------------|---------------|-----------------|-------------------------|------------------------|------------------------|------------------------|-----------------------------|
| Bank | Senior | PLN | 1,850,000,000 | WIBOR 6M + 0.40% | 28 October 2019 | 28 October 2023 | Warsaw Stock Exchange |
| Bank | Senior | PLN | 2,000,000,000 | WIBOR 6M + 0.45% | 19 February 2019 | 19 February 2023 | Warsaw Stock Exchange |
| Bank | Senior | PLN | 500,000,000 | WIBOR 6M + 0.24% | 25 January 2018 | 25 January 2021 | Warsaw Stock Exchange |
| Bank | Senior | PLN | 500,000,000 | WIBOR 6M + 0.42% | 3 October 2017 | 3 October 2021 | Warsaw Stock Exchange |

Related party transactions

BGK entered into a number of related party transactions that mainly involved granting loans, taking deposits and entering into repurchase agreements. The tables below show the related party transactions entered into by the Group as at 31 December 2019 and 31 December 2018:

| <u>Entity</u> | <u>31 December 2019</u> | | | <u>2019</u> | | | |
|---------------|-------------------------|--------------------|--|---------------------|---|-----------------------|---|
| | <u>Receivables</u> | <u>Liabilities</u> | <u>Financial and guarantee liabilities granted</u> | <u>Total income</u> | <u>Including interest and commissions</u> | <u>Total expenses</u> | <u>Including interest and commissions</u> |
| | (in PLN thousand) | | | | | | |
| Associates | 3,000 | 1,031,544 | 2,746 | 5 | 5 | 15,873 | 13,744 |
| Other units | 0 | 141,101 | 0 | 2 | 2 | 2,321 | 2,321 |
| Total | 3,000 | 1,172,645 | 2,746 | 7 | 7 | 18,194 | 16,065 |

| <u>Entity</u> | <u>31 December 2018</u> | | | <u>2018</u> | | | |
|---------------|-------------------------|--------------------|--|---------------------|---|-----------------------|---|
| | <u>Receivables</u> | <u>Liabilities</u> | <u>Financial and guarantee liabilities granted</u> | <u>Total income</u> | <u>Including interest and commissions</u> | <u>Total expenses</u> | <u>Including interest and commissions</u> |
| | (in PLN thousand) | | | | | | |
| Associates | 0 | 554,309 | 2,746 | 14 | 14 | 193 | 193 |
| Other units | 0 | 55,916 | 0 | 1,407 | 27 | 609 | 609 |
| Total | 0 | 610,225 | 2,746 | 1,421 | 41 | 802 | 802 |

Risk management

Overview

BGK's risk management system is organised on three independent levels. The first level (first line of defence) comprises the management of risk in the operating activities of BGK. The second level (second line of defence) comprises risk management by employees in positions or organisational units established specifically for that purpose (independent from risk management under the first line of defence) and the compliance function. The third level (third line of defence) comprises operations carried out by the Internal Audit Department.

The internal 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 with an acceptable risk level.

The risk management system is based on:

- Strategy for Risk Management approved by BGK's Supervisory Board;
- Capital Management and Internal Capital Assessment Policy approved by BGK's Supervisory Board;
- risk management policies, principles, and procedures approved by BGK's Supervisory Board or Management Board; and
- principles of selection, remuneration and monitoring of employees performing crucial functions at BGK and the policy governing variable remuneration components of persons holding managerial positions endorsed 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 sources (risk factors), significance and relationships between individual types of risk;
- risk measurement/assessment, which comprises the determination and enforcement of risk quantification methods and stress test performance;
- risk control, which comprises the determination and enforcement of risk control mechanisms (including a limit system, ensuring independence between first-level risk management and second-level risk management, insurance, risk transfer, financing plans);
- risk monitoring, which comprises the monitoring of risk levels, review of relevance and accuracy of the applied risk assessment methods and the evaluation of efficiency of the tools used; and
- risk reporting, which comprises providing information on the risk profile, identification of possible threats, and providing information on the measures adopted.

BGK's strategy for risk management covers all identified risks to which BGK is exposed 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 then cascade down to individual levels of BGK's organisational structure.

Organisation of the credit risk management process

The credit risk management process covers risk identification, measurement and assessment, control, monitoring and reporting to identify credit risk and mitigate it to an acceptable level, and for the purposes of controlling the effectiveness of actions taken on a continuous basis.

Credit risk management is carried out at two levels:

- customer risk, accounting for an individual credit exposure; and
- loan portfolio risk.

BGK identifies and assesses the existing credit risk based on:

- the implementation of internal procedures enabling the assessment of creditworthiness for individual borrowers and classification of credit exposures into relevant risk groups,

- the results of control and monitoring measures taken with regard to assets managed by the organisational units of BGK.

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 regional and Head Office levels of BGK;
- comprehensive individual credit risk assessment for all customers and transactions, so as to assign them to a specific credit risk category;
- 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 industry and sectors, types of products and borrowers, within the resource exposure limits set out by BGK;
- determination of impairment losses on credit exposures;
- analysis and verification of valuation principles related to loan collaterals; and
- a system for monitoring exposures and their collaterals 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:

1. industry limits reflecting the risk inherent in the customer's core business;
2. objective limits, resulting from the risk related to the purpose of the loan;
3. subjective limits, defined depending on the customer type; and
4. product limits.

Since 1 January 2018 impairment allowances at the Issuer 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 the Issuer'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. |

Non-performing loans (NPL)

The table below shows the quality of BGK's credit portfolio as at 31 December 2019 and 31 December 2018.

| Loans and advances to customers at amortised cost | 31 Dec 2019 | | | 31 Dec 2018 | | |
|--|--------------------|------------------------------|-------------------|--------------------|------------------------------|-------------------|
| | Gross loans | Impairment allowances | Net loans | Gross loans | Impairment allowances | Net loans |
| Loans and advances to customers, including: | 31,855,244 | 1,067,785 | 30,787,459 | 26,730,069 | 937,376 | 25,792,693 |
| financial sector | 1,609,938 | 11,811 | 1,598,127 | 763,014 | 7,517 | 755,497 |
| loans and advances | 1,492,416 | 11,746 | 1,480,670 | 652,376 | 7,499 | 644,877 |
| guarantees and sureties | 171 | 65 | 106 | 56 | 18 | 38 |
| other receivables | 117,351 | 0 | 117,351 | 110,582 | 0 | 110,582 |
| non-financial sector | 21,991,904 | 915,128 | 21,076,776 | 19,013,925 | 825,706 | 18,188,219 |
| loans and advances | 21,555,721 | 770,053 | 20,785,668 | 18,712,990 | 703,336 | 18,009,654 |
| purchased debt | 252,189 | 1,347 | 250,842 | 158,505 | 1,300 | 157,205 |
| guarantees and sureties | 183,986 | 143,728 | 40,258 | 140,017 | 118,709 | 21,308 |
| other receivables | 8 | 0 | 8 | 2,413 | 2,361 | 52 |
| public sector | 8,253,402 | 140,846 | 8,112,556 | 6,953,130 | 104,153 | 6,848,977 |
| loans and advances | 8,175,378 | 136,525 | 8,038,853 | 6,911,694 | 99,834 | 6,811,860 |
| purchased debt | 77,916 | 4,321 | 73,595 | 41,436 | 4,319 | 37,117 |

| | | | | | | |
|-------------------|-----|---|-----|---|---|---|
| other receivables | 108 | 0 | 108 | 0 | 0 | 0 |
|-------------------|-----|---|-----|---|---|---|

The tables below present the change in the gross carrying amount and impairment allowances on loans and advances to customers at amortised cost.

| Loans and advances to customers at amortised cost | Stage 1 | Stage 2 | Stage 3 (NPL) | POCI (NPL) | Total |
|--|-------------------|------------------|----------------------|-------------------|-------------------|
| Gross carrying amount as at 31 December 2018 | 21,471,051 | 3,164,300 | 1,968,581 | 126,137 | 26,730,069 |
| Transfer to Stage 1 | 2,780,084 | -2,566,715 | -213,369 | 0 | 0 |
| Transfer to Stage 2 | -2,423,653 | 2,505,565 | -81,912 | 0 | 0 |
| Transfer to Stage 3 | -145,778 | -105,441 | 251,219 | 0 | 0 |
| New/purchased/granted financial assets | 12,840,757 | 564,523 | 432,396 | 0 | 13,837,676 |
| Derecognition of financial assets | -2,183,239 | -537,375 | -123,435 | -8,041 | -2,852,090 |
| Financial assets that have been written off in the statement of financial position | -8,011 | 0 | -5,503 | 0 | -13,514 |
| Other changes (including partial repayments) | -4,877,147 | -590,997 | -260,712 | -118,041 | -5,846,897 |
| Gross carrying amount as at 31 December 2019 | 27,454,064 | 2,433,860 | 1,967,265 | 55 | 31,855,244 |
| Impairment allowance | | | | | |
| Impairment allowances as at 31 December 2018 | 164,989 | 84,351 | 715,358 | -27,322 | 937,376 |
| Transfer to Stage 1 | 40,864 | -24,530 | -16,334 | 0 | 0 |
| Transfer to Stage 2 | -41,965 | 47,216 | -5,251 | 0 | 0 |
| Transfer to Stage 3 | -8,299 | -4,454 | 12,753 | 0 | 0 |
| New/purchased/granted financial assets | 36,317 | 4,156 | 31,686 | 0 | 72,159 |
| Derecognition of financial assets | -17,367 | -4,179 | -1,825 | 0 | -23,371 |
| Financial assets that have been written off in the statement of financial position | -10,387 | 0 | -17,314 | 0 | -27,701 |
| Changes in credit risk level (excluding transfers between stages) | 16,719 | 18,907 | 59,627 | 19,619 | 114,872 |
| Other changes (foreign exchange gains (losses)) | -1,072 | -302 | -4,176 | 0 | -5,550 |
| Impairment allowances as at 31 December 2019 | 179,799 | 121,165 | 774,524 | -7,703 | 1,067,785 |

IT and operations

The Group has several IT systems, including systems supporting remote banking channels, product management, accounting, IT and HR support. The IT infrastructure meets market standards and is protected with a regularly tested business continuity solution (including a remote facility), data backup procedures, off-site data storage and sophisticated cyber-crime prevention software. Additionally, the Issuer constantly monitors the compliance of its IT systems with the relevant recommendations of the KNF.

Litigation

To the best of BGK's knowledge, as at 30 June 2020, it was a party to 144 court cases in which it acted as the plaintiff and 18 in which it acted as the defendant. No individual case's value exceeds 10 per cent. of BGK's equity. The biggest individual case's value is PLN 4,230,000 and the provision associated with the

risk of losing this case amounts to PLN 11,600,000 due to the interest charged over the duration of the court proceedings. As at 31 December 2019, the value of the Group's provisions regarding all ongoing lawsuits was approximately PLN 80,351,000.

Management and employees

Summary

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.

BGK is aware of activities performed by the members of the Management Board and the Supervisory Board outside of the Issuer. BGK does not consider these activities to be significant with respect to the issuer.

The President of the Bank's Supervisory Board, Paweł Borys, is the Chairman of the Management Board of Polski Fundusz Rozwoju S.A. ("PFR") and the Chairman of the Board of the Polish Economic Institute. Supervisory Board member Beata Gorajek is the Chairman of the Management Board of IDA Management sp. o.o., Supervisory Board member Jacek Hecht is a Member of the Management Board of Poligon sp. z o.o., Supervisory Board member Zbigniew Krysiak is the Chairman of the Management Board of Instytut Myśli Schumana and a Member of the Supervisory Board of Sportlive24 S.A. and Grupa CZH S.A., Supervisory Board member Honorata Krysiwicz is a Member of the Supervisory Board of Lotos Asphalt sp. z o.o., Supervisory Board member Marek Niedużak is a Member of the Management Board of Fundacja im. Abrahama Jakuba Sterna., Supervisory Board member Adam Rudzewicz is a Member of the Supervisory Board of GPW Benchmark S.A., Supervisory Board member Łukasz Śmigasiewicz is the Deputy Chairman of the Management Board of the Pokolenie association and President of the Board of Fundacja Edukacja Bez Granic. Supervisory Board member Magdalena Tarczewska-Szymańska is the President of the Supervisory Board of Poczta Polska S.A.

Regarding all the abovementioned members of the Issuer's Supervisory Board, there is a risk of a potential conflict of interest if decisions regarding cooperation between the abovementioned entities and the Issuer are the subject of the Supervisory Board's decisions and deliberations or if such entities are clients of the Issuer. Any potential conflict of interest is appropriately managed by BGK in accordance with BGK's Code of Ethics and the Management Board and the Supervisory Board internal regulations.

Other than the potential conflicts of interest described above, with respect to all the members of the Management Board and the Supervisory Board, there are no actual or potential conflicts of interest arising from their personal interests or duties and obligations towards the Issuer.

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 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 their term. It may also delegate one of its members to the Management Board.

The Management Board consists of the following members:

| Name | Position |
|--------------------------|--|
| Beata Daszyńska-Muzyczka | President of the Management Board |
| Paweł Nierada | First vice-president of the Management Board |
| Włodzimierz Kocon | Vice-president of the Management Board |
| Przemysław Cieszyński | Member of the Management Board |
| Radosław Kwiecień | Member of the Management Board |
| Tomasz Robaczyński | 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.

Beata Daszyńska-Muzyczka – President of the Management Board

From 1994 to 2016 Beata Daszyńska-Muzyczka worked for Bank Zachodni WBK S.A. (a subsidiary of the Banco Santander group). She was responsible for the implementation of the bank's most strategic projects, including the New Branch Model or electronic banking – “MiniBank24” as well as the optimisation and rationalisation of the bank's processes. From 2005 she headed the Logistics and Real Estate Area of the bank and from 2008 became a member and subsequently the Chairman of the Supervisory Board of Bank Zachodni WBK Property. From 2012 she was in charge of the organisational culture transformation project named “Next Generation Bank” and she was appointed as head of the Human Resources Partnership Area of the bank. From 2015, as a member of the Management Board of Bank Zachodni WBK S.A., she headed the Business Partnership Division.

In 2016 as an appointed President of the Management Board of BGK, Ms Daszyńska-Muzyczka launched a new BGK strategy, focusing on the implementation of actions planned in the governmental Strategy for Responsible Development of Poland. Since June 2019 she has been the chairman of the supervisory board of the 3SI Investment Fund, which aims at financing infrastructure needs in the 3S region to support integration and strengthen economic cohesion in the EU.

Beata Daszyńska-Muzyczka holds a Master's degree in corporate finance management and completed the Advance Leadership Programme at the ICAN Institute of the Harvard Business Review. She is an alumna of Cambridge University.

Paweł Nierada – First vice-president of the Management Board

Paweł Nierada has extensive experience in investment banking and the capital markets sector. He has carried out numerous projects in the area of public and private markets (IPOs, bond and share issues, market analysis), mergers and acquisitions, and has provided strategic advice to large corporate entities as well as advice on privatisation (to the Ministry of State Treasury and investors) in Poland and abroad.

He is an expert on energy as well as energy strategy and security of the Sobieski Institute in Warsaw.

Between 2007 and 2016 he was the Managing Partner at Rada Partners – a consulting firm in the field of strategic advice, capital markets and holistic approach to company management. Between 2007 and 2012 he was the President of the Management Board of Silkroute Securities (Polska) Sp. z o.o., between 2006 and 2007 he was a director at ERSTE Corporate Finance in Poland (part of the ERSTE Bank group), between 2003 and 2006 he was a director of the Financial Advisory Team at Deloitte, between 2000 and 2003 he held a managerial position at NM Rothschild Polska Sp. z o.o., and between 1997 and 2000 he was senior analyst in Natural Resources and the Global Power Team at Credit Suisse First Boston (Europe).

He speaks at numerous conferences in Poland and abroad and provides commentaries on capital markets as well as the fuel and energy sector for the media. He received the status of “approved person” awarded by the Financial Conduct Authority in the United Kingdom.

Paweł Nierada is a graduate of the Warsaw School of Economics (Faculty of Finance and Banking) and the University of Minnesota, Carlson School of Management. He has participated in a number of specialised courses on venture capital, corporate finance, mergers and acquisitions and capital markets.

Włodzimierz Kocon – Vice-president of the Management Board

For more than 20 years Włodzimierz Kocon has been working in the investment sector and in the real estate market. He gained his professional experience through holding managerial positions at PricewaterhouseCoopers, Von der Heyden Group, APP Polska sp. z o.o. and Gerald Eve International (Poland) Sp. z o.o.

From 2007 to 2013 he worked at PZU Asset Management/TFI PZU as the Head of the Real Property Sector Office, in charge of the investment activities of PZU Group in the real property market. In 2013 he worked at Bank Gospodarstwa Krajowego and was the co-developer of the concept of the Flats Apartments for Rent Fund. He prepared the investment strategy of BGK Nieruchomości S.A., the Issuer's subsidiary and was the President of its Management Board.

Before becoming the Vice-President of the Management Board of Bank Gospodarstwa Krajowego in 2016, he was an independent real property market advisor. He holds a professional estate agent's licence and is a member of the Royal Institution of Chartered Surveyors.

Włodzimierz Kocon graduated from the Faculty of Economics and Social Sciences at the Warsaw School of Economics. He also holds an MBA degree from the Warsaw University of Technology.

Przemysław Cieszyński – Member of the Management Board

During his career, Przemysław Cieszyński has held managerial positions at Pepsico, Polcard S.A. (as a member of the management board), Telewizja Polska S.A. and recently at OT Port Gdynia (a subsidiary of the OT Logistics group). As an experienced consultant, he has managed projects carried out by Accenture, CII Group and Raitaro. When holding the position of Senior Manager at Accenture, he managed projects and programmes for leading Polish and international organisations from the financial services sector. The consulting company Raitaro, in which he was a partner, has conducted restructuring and implementation projects for, among others, Ströer Polska, BCT Gdynia, Sokółka Okna i Drzwi and Grupa Energa.

Since 2006, he has been a member of supervisory boards of a number of companies listed on the Warsaw Stock Exchange, including Wydawnictwa Szkolne i Pedagogiczne, Sygnity, Ciech, Yawal, Bomi, TC Dębica and Jastrzębska Spółka Węglowa.

Przemysław Cieszyński is a graduate from the Faculty of Computer Science and Management, the Wrocław University of Science and Technology. He completed an MBA programme at the Vanderbilt University in Nashville, Tennessee, the United States of America.

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 from 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, he graduated from the Faculty of Law and Administration, at the University of Warsaw. He also completed a study course in art history at the Institute of Art History, the University of Warsaw, albeit without earning a degree.

Supervisory Board

The Supervisory Board is BGK's supervisory body. It appoints the Management Board members and supervises BGK's activities. 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 by the Prime Minister for a four-year term.

The Audit Committee operates within the Supervisory Board and 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 |
|--------------------------------|---|
| Paweł Borys | President of the Supervisory Board |
| Beata Gorajek | Deputy President of the Supervisory Board |
| Marek Niedużak | Secretary of the Supervisory Board |
| Jacek Hecht | Member of the Supervisory Board |
| Zbigniew Krysiak | Member of the Supervisory Board |
| Honorata Krysiak | Member of the Supervisory Board |
| Robert Nowicki | Member of the Supervisory Board |
| Adam Rudzewicz | Member of the Supervisory Board |
| Jerzy Szmit | Member of the Supervisory Board |
| Łukasz Śmigasiewicz | Member of the Supervisory Board |
| Magdalena Tarczewska-Szymańska | Member of the Supervisory Board |
| Grzegorz Dostatni | 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.

Paweł Borys – President of the Supervisory Board

Since 2016, Paweł Borys has been the President of the Supervisory Board of BGK.

A graduate of the Finance and Banking Faculty of the Warsaw School of Economics, he specialises in international financial markets. He complements his professional work with theoretical research in the field of finance, banking and economics. From 2001 to and including 2005, he was an employee of the Warsaw School of Economics, where he conducted research on the theory of economic convergence and the relationship between the financial sector and economic development. He is the author of a number of publications and press articles on banking, investment, capital markets and the economy. He is authorised to sit on the supervisory boards of State Treasury companies.

Since May 2016, Paweł Borys has been the President of the Management Board of PFR. As part of his role, he has implemented a reform of the system of Polish development institutions within the PFR group and the Employee Capital Plans program. Paweł Borys is responsible for the development and implementation of anti-crisis measures to counteract the effects of the Covid-19 pandemic, including the PFR's Financial Shield.

From 2010 to and including 2016 he was the Managing Director at Powszechna Kasa Oszczędności Bank Polski S.A. ("PKO BP"), responsible for the area of economic analyses, strategy and development of the capital group as well as investor relations. He participated in the development and implementation of two development strategies of PKO BP, modernised operating standards and image, implemented leading technological solutions in the area of payments and electronic banking, and organised the capital group. He also ran, among others, the successfully completed restructuring process of Kredobank in Ukraine, the implementation of a strategic alliance between the American payment company EVO Payments International and eService S.A., the acquisition and integration of Nordea Bank Polska S.A., and the implementation of a new insurance sales model at PKO BP.

From 2005 to and including 2010, he co-founded a Polish company specialising in private equity and venture capital investments, acting as Vice President of the investment and advisory company AKJ Capital S.A. and the President of the Management Board of AKJ Investment TFI. Previously, in 2001, he was head of the Analysis Department, fund manager, and then director of the Investments Department at Deutsche Bank Group – Deutsche Asset Management and at DWS. Paweł Borys managed pension programs for leading Polish financial institutions such as the National Bank of Poland and the Warsaw Stock Exchange. He has twice received awards for the best investment results of funds on the Polish market. In 2000, Paweł Borys was the Chief Economist at the Erste Bank Group in Poland. He dealt with macroeconomic forecasts for the Polish economy and analyses of financial markets.

Since 2018, Paweł Borys has been the Chairman of the Board of the Polish Economic Institute. In addition, he is a member of 18 supervisory boards of Polish and foreign entities, including three banks, an insurance company as well as mutual funds.

Beata Gorajek – Deputy President of the Supervisory Board

Since 2017, Beata Gorajek has been a member of the Supervisory Board of BGK.

She graduated from the Lublin University of Technology and the Higher School of Pedagogy in Kielce. She did postgraduate studies in banking, finance and human resource management. She also obtained an MBA degree.

Beata Gorajek has been a member of the Management Board of IDA Management sp. z o.o. since 2019, and the Chairman of the Management Board since 2020. Between 2018 and 2019, she worked at the Polish Investment and Trade Agency as the Director of International Projects. In 2016, she started working for the Ministry of Development, where she headed the Department of Trade and Services, and then she was the General Director until 2018. From 2007 to 2014, she was the President and Vice President of the Lublin Trade Fair Management Board. She held managerial positions in ING Bank Śląski S.A. and Bank Zachodni WBK S.A. for many years.

Marek Niedużak – Secretary of the Supervisory Board

Doctor of legal sciences, attorney at law. He graduated from Jagiellonian University in Poland and the University of Cambridge in the UK.

Since 2016, Marek Niedużak has been employed at the Ministry of Development. Currently, he is the Undersecretary of State, and previously he headed the Regulatory Risk Assessment Department and the Department of Improvement of Economic Regulations. From 2010 to 2015 he was an Assistant in the Department of Theory and Philosophy of Law at the Law College of the Kozminski University. Marek Niedużak also ran a private practice as an attorney, and cooperated with leading law firms (Sołtysiński Kawecki & Szlęzak, Salans, Clifford Chance and Allen & Overy).

Marek Niedużak was a member of the supervisory board of the Polish Investment and Trade Agency and the Industrial Development Agency. Currently, he cooperates with the Polish Economic Institute.

Grzegorz Dostatni - Member of the Supervisory Board

Ph.D. of legal sciences, attorney at law, and a graduate of the University of Gdańsk and the National School of Public Administration. He also completed Polish-Dutch European Studies.

Since January 2020, he has headed the Legal Department of the Ministry of State Assets. From 2015 to 2020, he worked in the Chancellery of the Prime Minister as Deputy Director of the Humanitarian Aid Department and Director of the Legal Department. In the years 2008 - 2015, he was the Deputy Director of the Legal Department at the Ministry of Finance. From 2001 to 2008, he worked in the Ministry of Justice.

Grzegorz Dostatni is the President of the Refugee Council and a member of the Chamber for the Processing of Sports Disputes at the Polish Football Association. He was also a member of the supervisory board of the Kostrzyn-Słubice Special Economic Zone.

Jacek Hecht - Member of the Supervisory Board

Graduate of the Faculty of Agriculture at the Agricultural Academy in Wrocław. He holds an EMBA title.

Since 1996, Jacek Hecht has operated a private farm. Since 2018, he has been a councillor of the Kłodzko County Council, where he is a member of the Audit Committee and the Committee on Development, Promotion, Tourism and Environmental Protection. From 2010 to 2015, he was a member of the District Council of the Lower Silesian Chamber of Agriculture in Kłodzko County. From 1997 to 1999, he conducted own business.

Since 2014, he has been a member of the Association of Republicans.

Zbigniew Krysiak – Member of the Supervisory Board

Since 2019 Zbigniew Krysiak has been a member of the Supervisory Board of BGK.

He has a Ph.D., and is an Associate Professor at the SGH Warsaw School of Economics. He graduated from the Warsaw University of Technology and Ecole Supérieure de Commerce Toulouse. He holds an MBA title.

Since 2016 Zbigniew Krysiak has been an expert in the Tax System Department of the Ministry of Finance. Since 1999, he has worked as a researcher at SGH Warsaw School of Economics. In 2009-2010 he was a member of the Management Board of BFG. From 2000 to 2003 and 2007 to 2009, he headed the Institute of Economics at the State Higher Vocational School in Ciechanów. From 2005 to 2007, he worked as Managing Director and then as Advisor to the President of the Management Board of PKO BP. Zbigniew

Krysiak was also a member of the Management Board of Inteligo Financial Services and AIG Bank Polska. In the 1990s, he was the Chief Financial Officer at Pepsi Cola General Bottlers Poland.

Honorata Krysiwicz – Member of the Supervisory Board

In July 2020, Honorata Krysiwicz was appointed to the Supervisory Board of BGK.

She is a graduate of the University of Warsaw in the fields of journalism and social communication, as well as European studies. She also obtained an EMBA diploma.

Since 2018, Honorata Krysiwicz has been working at the Chancellery of the Prime Minister - currently as the Director of the Government Work Programming Department and the Secretary of the Government Work Programming Team. In 2017-2018, she was the Director of the Department of Sports Infrastructure at the Ministry of Sport and Tourism. From 2016 to 2017, she headed the Sports Unit at Opole City Hall. Moreover, in 2015-2016 she was the Chancellor for Public Relations Proxy and the Press Spokesman of the WSB University in Opole. Starting 2007, she spent over seven years dealing with public relations at Telewizja POLSAT.

Honorata Krysiwicz is a member of the Supervisory Board of Lotos Asphalt sp. z o.o. She is also a member of the Social Sports Council at the Ministry of Sport and a member of the Economic Council at the main board of the Academic Sports Association.

Robert Krzysztof Nowicki - Member of the Supervisory Board

Graduate of the Adam Mickiewicz University in Poznań with a degree in history. He also studied law as part of his individual humanities studies. An expert in project portfolio management and risk analysis. He has conducted national and international projects. Co-founder of the Polish lobbying centre Business Science Poland in Brussels.

Until October 2020, he was a member of the Council of the Łukasiewicz Centre and between 2018 and 2020, he was a member of the Council of the Polish National Agency for Academic Exchange. From May 2019 until he took up the post of Undersecretary of State, he was been a member of the supervisory board of the Industrial Development Agency. From 2016 to 2017, he was a member of the Supervisory Board of NCS-Rozliczenia, and from 2017 to 2019, he was a member of the Supervisory Board of PL 2012+. From 2019 to 2020, he was Undersecretary of State at the Ministry of Development. In 2019, he was Head of the Political Cabinet of the Minister of Development. From 2018 to 2019, he led the Polish delegation to the European Space Agency. In 2018, he was employed at the Ministry of Entrepreneurship and Technology as Deputy Director of the Innovation Department. In 2017-2018, he was Deputy Director of the Innovation Department of the Ministry of Technology. He was responsible for cooperation with entrepreneurs, conducting the legislative process, creating industrial and technological strategies. He also supervised the Patent Office, Aviation Institute and Polish Space Agency. From 2017 to 2018, he was the strategic manager of the government programme Polish Public Investments. From 2016 to 2018, he was an expert of the Project Management Department at the Ministry of Development. He was responsible for creating a uniform methodology and project management system in government administration. From 2006 to 2015, he was the Custodian of the Archival Institute of National Remembrance in Poznań.

Adam Rudzewicz - Member of the Supervisory Board

Since 2019, Adam Rudzewicz has been a member of the Supervisory Board of BGK.

He has a PhD in social sciences from the University of Warmia and Mazury in Olsztyn. He also graduated from the University of Agriculture and Technology in Olsztyn.

Since 1997 Adam Rudzewicz has been an assistant professor in the Department of Market Analysis and Marketing in the Faculty of Economic Sciences at the University of Warmia and Mazury. Since 2017, he has sat on the Supervisory Board of GPW Benchmark S.A. From 2002 to 2016, he lectured at the University of Entrepreneurship and Management in Łódź, the University of Economy in Bydgoszcz and the University of Finance and Management in Białystok. Previously, he also cooperated with Towarzystwo Ubezpieczeń Compensa, PTE Norwich Union and Sopot Life Insurance Company Alte Leipziger Hestia.

Adam Rudzewicz is also a member of the Management Board of the Polish Economic Society, Olsztyn branch.

Jerzy Szmit – Member of the Supervisory Board

Jerzy Szmit has been a member of the Supervisory Board of BGK since 2016.

He is a graduate of the Agricultural and Technical Academy and the University of Warsaw.

From January 2018 to June 2020, Jerzy has been a member of the Management Board for Technical Affairs at PKP Telkol sp. z o.o., part of PKP Group. In 2015-2017, Jerzy Szmit was Undersecretary of State at the Ministry of Infrastructure and Construction, responsible for highways, roads, road transport and air transport. He was a Member of the Polish Parliament from 2011 to 2015 and a Senator of the Republic of Poland from 2005 to 2007. Between 1994 and 2011, he was a long-time councillor of the City Council of Olsztyn. From 1998 to 1999, he was the Marshal of the Warmian-Masurian Voivodeship. Jerzy Szmit was also Deputy President of Olsztyn and General Director of the Voivodeship Office in Olsztyn.

Łukasz Śmigasiewicz – Member of the Supervisory Board

Since 2017 Łukasz Śmigasiewicz has been a member of the Supervisory Board of BGK.

He is a graduate of the Karol Adamiecki Academy of Economics in Katowice. He also completed postgraduate studies in financial management.

Since the beginning of 2020, Łukasz Śmigasiewicz has been managing the Department of Capital Group Reorganisation Projects of Węglokoks S.A. From 2006 to 2019, he held the position of Financial Director of Fitwell sp. z o.o. and Wall&Paper sp. z o.o. Previously, he also worked in the Marshal's Office of the Silesian Voivodeship, where, among other things, he was Director of the Sejmik Office. Łukasz Śmigasiewicz was a member of the Supervisory Board of the Upper Silesian Agency for Enterprise Transformation and was an Expert of the Ministry of Regional Development within the Human Capital Operational Programme 2007 - 2013.

Magdalena Tarczewska-Szymańska – Member of the Supervisory Board

Since 2018, Magdalena Tarczewska-Szymańska has been a member of the Supervisory Board of BGK.

She is a graduate of the Warsaw School of Economics and European Studies at the National School of Public Administration. She also completed post-graduate studies in the field of consulting in the management of tangible investments. She obtained an EMBA title and the ARGO Top Public Executive title.

Since 2017, she has been the Director General of the Chancellery of the Polish Prime Minister. Since 2018, she has served as Chairman of the Supervisory Board of Poczta Polska S.A. During the period 2006 - 2017, she was the General Director of the Ministry of Development, the Ministry of the Environment and the Ministry of Regional Development. From 2003 to 2006, she headed the Department of European Social Fund Implementation at the Ministry of Labour. Previously, she was a long-time employee of the Office of the Committee for European Integration.

Employees

As at 31 December 2019 the Group had 1,708 employees (full-time equivalent) compared to 1,611 employees (full-time equivalent) as at 31 December 2018.

Due to the COVID-19 pandemic, the Issuer introduced certain measures to ensure the safety of its staff and clients. These measures were aimed primarily at reducing direct contact between persons involved in BGK's operations and included introducing remote and rotational work for employees, the cancellation of business trips and internal and business meetings, and the introduction of social distancing rules in the office. In connection with these measures, the Issuer provided employees with access to the necessary IT equipment, hygiene masks and sanitisers, organised the possibility to participate in webinars focusing on health and wellness and provided company cars, taxi vouchers and a free parking area for employees coming to the office. Special procedures have also been put in place to deal with suspected infections, handling correspondence, and the distribution of documents between departments. Despite these measures and the general severity of the situation caused by the COVID-19 pandemic, the Issuer paid out 100 per cent of the salaries to its employees and no employees were made redundant. No precautionary measures adversely affected the work efficiency or operations of the Issuer.

DESCRIPTION OF THE GUARANTOR

The below disclosure is deemed to be modified or superseded by any documents or information that is deemed to be incorporated by reference after the date of this Offering Circular, or any supplemental offering circular which is prepared from the date hereof.

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 Simplified Base Prospectus dated 13 March 2020 relating to the Republic of Poland's EUR 70,000,000,000 Euro Medium Term Note Programme (and the substantively equivalent sections from each subsequent Simplified Base Prospectus relating to the Republic of Poland's EUR 70,000,000,000 Euro Medium Term Note Programme):

| Section | Page number |
|------------------------------------|--------------------|
| Overview of the Republic of Poland | 49 – 54 |
| The Economy | 55 – 56 |
| Recent Economic Performance | 57 – 58 |
| Trade and Balance of Payments | 59 – 63 |
| Monetary and Financial System | 64 – 68 |
| Public Finance | 69 – 70 |
| General Government Balance | 71 – 79 |
| Public Debt | 80 – 82 |
| Internal State Treasury Debt | 83 – 84 |

TAXATION

The following is a general description of certain tax considerations relating to the Notes 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. 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 (eg 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.

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 Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

Republic of Poland

Non-Polish tax residents – individuals

Under Art. 21.1.130b) of the Personal Income Tax Act dated 26 July 1991 (the "**PIT Act**"), interest and discounts on notes offered on foreign markets, designated for financing the Issuer's statutory objectives relating to the support of the Council of Ministers' economic policy, the implementation of government socio-economic programs, local and regional development programs and income from the disposal of such notes received by individuals who are not tax residents in the Republic of Poland are exempt from Polish personal income tax.

Although no Polish withholding tax should apply on interest payable to a non-Polish tax resident individual, under specific rules applying to interest income on securities held in Polish omnibus accounts (within the meaning of the provisions of the Act on Trading in Financial Instruments, the "**Omnibus Accounts**"), under Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19% flat-rate tax is withheld by the tax remitter (under Art. 41.10 of the PIT Act the entity operating the Omnibus Account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder. In such case the tax is withheld by the entity operating the Omnibus Account on the day of placing the amounts due at the disposal of the Omnibus Account holder (art.26.2b of the CIT Act). If such tax is withheld for a non-Polish tax resident individual, to receive a refund of such tax, the individual should contact its tax advisor.

Non-Polish tax residents – corporate income taxpayers

Under Art. 17.1.50b of the Corporate Income Tax Act dated 15 February 1992 (the "**CIT Act**") interest and discounts on Notes offered on foreign markets, designated for financing the Issuer's statutory objectives relating to the support of the Council of Ministers' economic policy, the implementation of government socio-economic programmes, local and regional development programmes and income from the disposal of such Notes received by corporates who are not tax residents in the Republic of Poland are exempt from Polish corporate income tax.

Although no Polish withholding tax should apply on interest payable to non-Polish tax resident corporate income taxpayers, under specific rules applying to interest income on securities held in Omnibus Accounts, under Art. 26.2a of the CIT Act, for 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. In such case the tax is withheld by the entity operating the Omnibus Account on the day of placing the amounts due at the disposal of the Omnibus Account holder (art. 26.2b of the CIT Act). If such tax is withheld for a non-Polish tax resident corporate income taxpayer, to receive a refund of such tax, the entity should contact its tax advisor.

Special provisions on large payments made to non-Polish tax residents (corporate income taxpayers and individuals)

Under Art. 26.2e of the CIT Act (the coming into force of which has been postponed until 1 January 2021), if the total amount paid out to a non-Polish tax resident corporate income taxpayer on account of the items listed in Art. 21.1 of the CIT Act (including interest/discount on Notes) and Art. 22.1 of the CIT Act to the same taxpayer exceeds PLN 2,000,000 in the tax year of the payer, payers are, as a general rule, required to withhold, on the day of payment, a flat-rate income tax at the basic rate (20 per cent. in the case of interest/discount on Notes) from the excess over that amount, without being able not to withhold that tax on the basis of an appropriate double tax treaty and also without taking into account exemptions or rates resulting from special regulations (such as Art. 17.1.50b of the CIT Act) or double tax treaties (the "**Obligation to Withhold Tax**").

However, pursuant to the Regulation of the Minister of Finance dated 31 December 2018 regarding the exclusion or limited application of Art. 26.2e of the CIT Act (the "**Regulation**"), the application of the Obligation to Withhold Tax is excluded, in relation to, *inter alia*, interest/discount payments originating from Notes issued by the Issuer and designated for financing the Issuer's statutory objectives relating to the support of the Council of Ministers' economic policy, the implementation of government socio-economic programmes, and local and regional development programmes.

Analogous provisions apply to personal income tax, including Art. 41.12 of the PIT Act which provides for an analogous tax withholding obligation, while the Regulation of the Minister of Finance of 31 December 2018 regarding the exclusion or limited application of Art. 41.12 of the PIT Act is the equivalent of the Regulation described above.

Polish tax residents – individuals

Under Art. 3.1 of the PIT Act, natural persons, if residing in the Republic of Poland, are liable for tax on their total income (revenue) irrespective of the location of the sources of revenue (unlimited obligation to pay tax).

Under Art. 3.1a of the PIT Act, a Polish tax resident individual is a natural person who (i) has his/her centre of personal or business interests located in Poland or (ii) stays in Poland for longer than 183 days in a year, unless any relevant tax treaty dictates otherwise.

Interest income

Under Article 30a.7 of the PIT Act, interest income does not cumulate with general income subject to the progressive tax rate, but under Art. 30a.1.2 of the PIT Act it is subject to a 19 per cent. flat rate of tax.

Under Art. 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the 19 per cent. Polish tax upon any interest payment.

Under Art. 41.4d of the PIT Act, the entities operating securities accounts for individuals, acting as tax remitters, should withhold this interest income if such interest income (revenue) has been earned in the territory of Poland and is connected with securities registered in the said accounts, and the interest payment to the individual (the taxpayer) is made through said entities. This principle also applies to remitters who pay corporate income tax and are subject to limited tax liability in Poland, to the extent they conduct their business through a foreign establishment and it is to that establishment's operations that the securities account is linked.

There are no regulations defining in which cases income earned (revenue) by a Polish tax resident should be considered income (revenue) earned in Poland. However, it is expected that such cases will be analogous to those of non-residents. Pursuant to Art. 3.2b of the PIT Act, income (revenues) earned in the Republic of Poland by non-residents shall include in particular income (revenues) from:

- a) 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;
- b) activity performed in person in the Republic of Poland irrespective of the place where remuneration is paid;
- c) economic activity pursued in the Republic of Poland, including through a foreign establishment located in the Republic of Poland;
- d) immovable property located in the Republic of Poland or rights to such property, including from its disposal in whole or in part, or from disposal of any rights to such property;
- e) securities and derivatives other than securities, admitted to public trading in the Republic of Poland as part of the regulated stock exchange market, including those obtained from the disposal of these securities or derivatives, or the exercise of rights resulting from them;
- f) the transfer of ownership of shares in a company, of all rights and obligations in a partnership without legal personality, or participation in an investment fund or a collective investment undertaking or other legal entity or receivables being a consequence of holding those shares, rights and obligations or participation - if at least 50% of the value of assets of this company, partnership, investment fund, collective investment undertaking or legal entity is constituted, directly or indirectly, by immovable properties located in the Republic of Poland, or rights to such immovable properties;
- g) the receivables settled, including receivables put at disposal, paid out or deducted, by natural persons, legal persons, or organisational units without legal personality, having their place of residence, registered office, or management board in the Republic of Poland, irrespective of the place of concluding and performing the agreement; and
- h) unrealised gains as referred to in the exit tax regulations.

The above list is not exhaustive; therefore, the tax authorities may also consider that income (revenues) not listed above is sourced in Poland.

Given the above, in particular point 7, interest on the Notes should be considered as income earned in Poland.

Although this is not clearly regulated in Polish tax law, in fact, foreign entities do not act as Polish withholding tax remitters. Therefore, it should be expected that if a non-Polish entity operates the securities account for the individual it will not withhold the tax. It is not entirely clear whether in such case (i.e. if a

payment is made through a foreign entity operating a securities account and not collecting the withholding tax) the Issuer should or should not withhold the tax (including cases where the holders of the Notes cannot be identified). According to the general ruling of 5 April 2018 issued by the Minister of Finance in relation to mortgage bonds (the "**Ruling**"), which can be used *per analogiam* for interpretation purposes, in cases where the withholding tax is not collected by a foreign entity operating a securities account, the Issuer should not be obliged to withhold tax and individuals should settle tax on their own in their annual tax returns. Furthermore, the Ruling also stipulates that the application of the withholding tax exemption is not conditional upon providing a certificate of the noteholder's tax residence to the tax remitter.

Under Article 45.3b of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

Separate, specific rules apply to interest income on securities held in Omnibus Accounts. Under Art. 41.10 of the PIT Act, insofar as securities registered in Omnibus Accounts are concerned, the entities operating Omnibus Accounts through which the amounts due are paid are liable to withhold the flat-rate income tax on interest income. The tax is charged on the day of placing the amounts due at the disposal of the Omnibus Account holder.

Pursuant to Art. 30a.2a of the PIT Act, with respect to income (revenue) from interest transferred to taxpayers holding rights attached to securities registered in Omnibus Accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19% flat-rate tax is withheld by the tax remitter (under Art. 41.10 of the PIT Act the entity operating the Omnibus Account) from the aggregate income (revenue) released for the benefit of all such taxpayers through the Omnibus Account holder.

Under Art. 45.3c of the PIT Act, taxpayers are obliged to disclose the amount of interest (discount) on securities (including the Notes) in the annual tax return if the Notes were registered in Omnibus Account and the taxpayer's identity was not revealed to the tax remitter.

Under Art. 30a.9 of the PIT Act, withholding tax incurred outside Poland (if any), including in countries which have not concluded a tax treaty with Poland, up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability. Double tax treaties can provide other methods of withholding tax settlements.

Other income

Income other than interest derived by a Polish tax resident individual from financial instruments held as non-business assets, qualify as capital income according to Art. 17 of the PIT Act. This income does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 per cent. flat rate tax. The costs of acquiring the securities are recognised at the time the revenue is achieved. Based on Art. 17.2 and Art. 19.1 of the PIT Act, if the price expressed in the contract without a valid reason significantly deviates from the market value, the amount of income is determined by the tax authority or fiscal control authority in the amount of the market value. In principle, this income should be settled by the taxpayer by 30 April of the year following the year in which the income was earned. No tax or tax advances are withheld by the person making the payments.

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 17 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

Polish tax residents – corporate income taxpayers

Under Art. 3.1 of the CIT Act the entire income of taxpayers who have their registered office or management in Poland is subject to tax obligation in Poland, irrespective of where the income is earned.

A Polish tax resident corporate income taxpayer is subject to income tax in respect of the Notes (including any capital gains and on interest/discount), following the same principles as those which apply to any other income received from business activity within the same source of income. 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. In respect of capital gains, the cost of acquiring the securities will be recognised at the time the revenue from the disposal of the securities for remuneration is achieved. Revenue from a transfer of Notes 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 (Art. 14 of the CIT Act). In the case of income from the transfer of securities against a consideration, tax deductible costs are generally recognized when the corresponding revenue has been achieved. The taxpayer itself (without the involvement of the tax remitter) settles tax on interest (discount) and on the transfer of securities against a consideration, which is settled along with other income from the taxpayer's business activity within the same source of income.

Regarding the proper source of revenue, in principle, the income (revenue) from the Notes, including their transfer for consideration, is combined with revenues from capital gains (Art. 7b.1 of the CIT Act). In the case of insurers, banks and some other entities (such as financial institutions), this revenue is included in revenues other than revenues from capital gains (Art. 7b (2) of the CIT Act).

The appropriate tax rate will be the same as the tax rate applicable to business activity, i.e. 19 per cent. for a regular corporate income taxpayer or 9 per cent. for small and new taxpayers.

Although no Polish withholding tax should apply on interest payable to Polish corporate income taxpayers, under specific rules applying to interest income on securities held in Omnibus Accounts, under Art. 26.2a of the CIT Act, for 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. In such case the tax is withheld by the entity operating the Omnibus Account on the day of placing the amounts due at the disposal of the Omnibus Account holder (art.26.2b of the CIT Act). If such tax is withheld for a Polish tax resident corporate income taxpayer, to receive a refund of such tax, the entity should contact its tax advisor.

Under Art. 20.1 of the CIT Act, any withholding tax incurred outside Poland (including countries which have not concluded any tax treaty with Poland), can be deducted from the Polish tax liability, up to an amount equal to the tax paid abroad, but not higher than the tax calculated in accordance with the applicable domestic tax rate. Double tax treaties may provide for other methods of withholding tax settlements.

Tax on civil law transactions

Neither an issuance of the Notes nor a redemption of the Notes is subject to tax on civil law transactions (the "PCC").

Under Art. 1.1.1.a of the Tax on Civil Law Transactions Act (the "PCC Act"), agreements for sale or exchange of assets or proprietary rights are subject to tax on civil law transactions. The Notes should be considered as representing proprietary rights. Transactions are taxable if their subjects are:

- 1) assets located in Poland or proprietary rights exercisable in Poland;

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

Although this is not clearly addressed in the law and there are grounds to classify rights incorporated in the Notes as rights exercisable outside of Poland, it is likely that the Notes will be considered as rights exercisable in Poland. Consequently, as a rule, the tax should apply regardless of the place where a sale or exchange transaction is concluded.

Tax on the sale or exchange of the Notes is 1 per cent. of their market value. It is payable within 14 days after the sale or exchange agreement has been entered into. However, if such agreement has been entered into in notarial form, the tax due should be withheld and paid by the notary public. Tax on sale of the Notes is payable by the entity acquiring the the Notes. In the case of exchange agreements, tax on civil law transactions should be payable by both parties jointly and severally.

However, under Art. 9.9 of the PCC Act, a PCC exemption applies to the sale of property rights constituting financial instruments (such as the Notes):

- 1) to investment companies and foreign investment companies;
- 2) via investment companies or foreign investment companies;
- 3) as part of organised trading;
- 4) outside organised trading by investment companies and foreign investment companies, if those rights were acquired by those companies under organised trading,

within the meaning of the provisions of the Act of 29 July 2005 on Trading in Financial Instruments.

Under Article 2.4 of the PCC Act, as a rule, PCC does not apply to civil law activities such as selling or exchanging the Notes: (i) to the extent such activity is charged with VAT (in any EU country), or (ii) if at least one of the parties to the transaction is exempt from VAT (in any EU country).

Remitter's liability

Under Art. 30 of the Tax Code dated 29 August 1997, a tax remitter failing to fulfil its duty to calculate, withhold or pay tax to a relevant tax authority is liable for the tax that has not been withheld or that has been withheld but not paid, up to the value of all its assets. The tax remitter is not liable if the specific provisions provide otherwise or if tax has not been withheld due to the taxpayer's fault. In such case, the relevant tax authority will issue a decision concerning the taxpayer's liability.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member

State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer does not expect to be a foreign financial institution for these purposes. A number of jurisdictions (including Poland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payments" and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Deutsche Bank Aktiengesellschaft, HSBC Continental Europe, J.P. Morgan AG 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 by, Dealers are set out in an amended and restated dealer agreement dated 22 December 2020 (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 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.

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 by the Dealer(s) 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.

United States of America

Guaranteed Notes – Regulation S Category 1

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 and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold within the United States or to U.S. persons. Each of the Dealers has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of the Bearer Notes, deliver the Notes within the United States or to U.S. persons. In addition, until 40 days after the commencement of any offering, an offer or sale of 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.

Notes other than Guaranteed Notes – Regulation S Category 2

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.

The 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 United States Internal Revenue Code and regulations thereunder.

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 completion of the distribution of the Notes comprising 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.

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.

Prohibition of Sales to EEA and United Kingdom Retail Investors

If the Final Terms in respect of any Notes other than Guaranteed Notes includes a legend entitled "*Prohibition of Sales to EEA and UK Retail Investors*", each Dealer has represented, warranted 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 or in the United Kingdom. For the purposes of this provision:

- a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - ii) a customer within the meaning 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; 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 the Notes.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:
 - i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - A. whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - B. who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the 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 United Kingdom.

Republic of Poland

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

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 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, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (A) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- (B) where no consideration is or will be given for the transfer;
- (C) where the transfer is by operation of law;
- (D) as specified in Section 276(7) of the SFA; or
- (E) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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.

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.

GENERAL INFORMATION

Listing

Application has been made to the Luxembourg Stock Exchange 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. The appropriate Common Code and the International Securities 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.

Litigation

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 described in the risk factor entitled "COVID-19 outbreak could have a material adverse effect on the Group's business, results of operation and financial position", there has been no material adverse change in the financial position or prospects of the Issuer and/or the Group or any significant change in the financial position or financial performance of the Issuer and/or the Group since 31 December 2019.

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 two most recent financial years;
- (D) the standalone financial statements of the Issuer (together with the opinion and report of the auditor) for the two most recent financial years;
- (E) the reports on activities of the Group for the two most recent financial years; and
- (F) the most recent the Simplified Prospectus relating to the Republic of Poland's EUR 70,000,000,000 Euro Medium Term Note Programme.

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.bourse.lu). 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

Deloitte Audyt spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw at al. Jana Pawła II 19, 00-854 Warsaw have audited, and rendered unqualified audit reports on, the consolidated financial statements of the Group for the years ended 31 December 2019 and 31 December 2018 and the standalone financial statements of the Issuer for the years ended 31 December 2019 and 31 December 2018.

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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